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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

SPECIAL MEETING

May 7, 2002
3:00 P.M.
City Hall, Room 408
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

MAY 3 2002

SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

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The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

SPECIAL ORDER OF BUSINESS

4. Discussion and possible action regarding the Program Management Contract (Contract # CS-524). (Martel)

Alternative Recommendations:

- I. a) Accept the withdrawal of Bechtel Infrastructure Corporation from the San Francisco Water Alliance, a joint venture consisting of Bechtel Infrastructure Corporation, The Jefferson Company, and Sverdrup Civil, Inc., prime contractor for the Program Management Contract.
- b) Accept the assignment of the Program Management Contract from the former San Francisco Water Alliance joint venture to the newly constituted San Francisco Water Alliance, a joint venture consisting of Jacobs Civil Incorporated and Primus Industries Incorporated.
- c) Refer the acceptance of the assignment to the Board of Supervisors for approval and waiver of the competitive procurement process specified under San Francisco Administrative Code Section 6.40 and request release of remaining contract funds for the current fiscal year.

- II. a) Terminate contract #CS-524 for cause/convenience.
- b) Request the Board of Supervisors to waive the competitive procurement process specified under San Francisco Administrative Code Section 6.40 and authorize the SFPUC to negotiate and award to the H2O Partnership consisting of a joint venture of O'Brien Kreitzberg, CH2M Hill, and EPC Consultants or, if negotiations with H2O Partnership are unsuccessful, to negotiate and award to any qualified contractor.
- c) Request the Board of Supervisors to release remaining contract funds for the current fiscal year upon award of contract by the SFPUC.
- III. a) Terminate contract #CS-524 for cause/convenience.
- b) Instruct staff to issue a new Request for Proposals for Program Management Services pursuant to San Francisco Administrative Code Section 6.40.

ADJOURNMENT



AGENDA ITEM
Public Utilities Commission
City and County of San Francisco



DEPARTMENT General Manager's Office AGENDA NO. 4
MEETING DATE May 7, 2002

SUMMARY OF PROPOSED COMMISSION ACTION

Approve amending Agreement No. CS-524, Program Management Contract, as three separate possible actions designed to move forward with necessary Program Management Services.

Recommended Action I: Accept the withdrawal of Bechtel Infrastructure Corporation from the San Francisco Water Alliance. Accept the assignment of the Program Management Contract from the former San Francisco Water Alliance joint venture to the newly constituted San Francisco Water Alliance joint venture. Refer the acceptance of the assignment to the Board of Supervisors for approval and waiver of the competitive procurement process, and request release of remaining contract funds for the current fiscal year.

Recommended Action II: Terminate the Program Management Contract for cause/convenience. Request the Board of Supervisors to waive the competitive procurement process and authorize the SFPUC to negotiate and award to the H2O Partnership or, if such negotiations are unsuccessful, to negotiate and award to any qualified contractor. Request the Board of Supervisors to release remaining contract funds for the current fiscal year upon award of a contract by the SFPUC.

Recommended Action III: Terminate the Program Management Contract for cause/convenience. Instruct staff to issue a new Request for Proposals for Program Management Services.

DESCRIPTION OF AGREEMENT ACTION:

Recommended Action I. Background - Since the award of the Program Management Contract, Jacobs Civil, Inc. has purchased Sverdrup Civil, Inc. As of March 1, 2002, Sverdrup Civil, Inc., no longer exists as a separate legal entity. On October 1, 2000, the Jefferson Company changed its name to Primus Industries, Incorporated. On March 28, 2002, Bechtel Infrastructure Corporation made a proposal to be allowed to withdraw from the San Francisco Water Alliance. The remaining joint venture partners, now consisting of Jacobs Civil, Inc. and Primus

APPROVAL:

DEPARTMENT / General Manager's Office
BUREAU

FINANCE Kingsley C. Okereke

UTILITIES ENGR.
BUREAU

GENERAL Patricia E. Martel
MANAGER

COMMISSION Mary Y. Jung
SECRETARY

Patricia E. Martel

Industries, Inc., have requested that they be assigned the Program Management Contract and allowed to complete the contract terms.

This recommended action provides that the proposal to withdraw by Bechtel Infrastructure Corporation would be approved and the assignment to the new joint venture would be accepted by the SFPUC and referred to the Board of Supervisors for approval and of the competitive procurement process, and release of remaining funds.

The terms of the assignment would require the original joint venture partners, including Bechtel Infrastructure Corporation, to continue to be responsible for work done by the original joint venture to the date of the approval . Once the assignment has been accepted by the Board of Supervisors, all work performed by the newly constituted joint venture would be the responsibility of the new joint venture partners, not including Bechtel Infrastructure Corporation.

The SFPUC staff has reviewed the qualifications of the new joint venture and the individuals proposed to be assigned to perform under the terms of the original contract. The new joint venture and the designated individuals meet each and every qualification required by the terms of the original Request for Proposals and are qualified to perform the remaining scope of work of the contract. (See attached.)

In cases where one joint venture partner requests to withdraw, it is customary to allow remaining joint venture partners the opportunity to complete a contract if they can show that the remaining entity and staff are qualified and competent.

Recommended Action II. Rather than assign the contract to the newly constituted San Francisco Water Alliance, the SFPUC could terminate the Program Management Contract for cause/convenience under the terms of the contract and ask the Board of Supervisors to waive the competitive procurement process of section 6.40 of the San Francisco Administrative Code and instead authorize the SFPUC to negotiate and award to the H2O Partnership or, if such negotiations are unsuccessful, to negotiate and award to any qualified contractor.

This proposal allows the SFPUC to take advantage of the review and ranking effort already performed in creating the original pool of qualified proposers. At the time of the original award of the Program Management contract, the H2O Partnership was ranked number one by the ranking panel and number two by the SFPUC and was deemed by the SFPUC as qualified and competent to perform the full range of services required for Program Management. The H2O Partnership consists of a joint venture of O'Brien Kreitzberg, CH2M Hill, and EPC Consultants.

If an agreement satisfactory to the SFPUC and the H2O Partnership cannot be made, this proposal would authorize the SFPUC to enter into negotiations with any qualified potential contractor and make an award without further Board of

Department: General Manager's Office

Agreement: Amend CS-524 Program
Management Consultant Contract

Supervisors approval. This recommendation would also request the Board of Supervisors to release remaining contract funds for the current fiscal year upon award of a contract by the SFPUC.

Recommended Action III. This proposal would terminate the existing contract for cause/convenience and instruct staff to start the selection process for a Program Manager over again by issuing a new Request for Proposals. This proposal would not require Board of Supervisor's approval or waiver of competitive procurement requirements. Nor would it require release of reserved funds as Program Management services would cease while a new search was conducted. It is estimated that starting the contracting process over again would take a minimum of 6 months and possibly significantly longer.

CONTEXT OF THIS ACTION:

General Background. Contract CS-524, (The Program Management Contract), was awarded to a joint venture consisting of Bechtel Infrastructure Corporation, The Jefferson Company, and Sverdrup Civil, Inc. (The San Francisco Water Alliance) as prime contractor on May 10, 2000 (Resolution #00-0130) and approved by the Board of Supervisors on August 28, 2000 (Resolution #754-00). The contract provided for an annual review of performance by the Board of Supervisors. The first annual review occurred in the second year of the contract. At that time, the independent peer review panel requested by the Board of Supervisors confirmed that The San Francisco Water Alliance had met the contract's performance objectives. The Board of Supervisors requested continued reports on the status of the contract and reserved funding for fiscal year 2001/2002. As of March 21, 2002 all of the funding released by the Board of Supervisors for the Program Management Contract had been exhausted and no new tasks were issued to the The San Francisco Water Alliance. As noted above, Bechtel Infrastructure Corporation has requested to withdraw from the The San Francisco Water Alliance.

PROS/CONS:

Recommended Action I. This option is the most time efficient in terms of getting a Program Management consultant up and running in the shortest time possible. This option is also consistent with past practice when a joint venture loses a partner but is still found to be qualified and competent to continue to perform under the terms of the contract. This proposal requires Board of Supervisor's approval and waiver of a new competitive procurement process.

Recommended Action II. This option may save some time over a complete new procurement process and takes advantage of the work and effort expended in the original contracting process. This option requires Board of Supervisor's approval and waiver of the competitive procurement requirements.

Recommended Action III. This is the most time consuming option and most disruptive to the ongoing Capital Improvement Program process. This option does

not require Board of Supervisor's approval or waiver of the competitive procurement process.

ATTACHMENTS:

SFPUC Resolution
HRC memo

Contact Person: _____ Phone: _____

cc:

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. _____

WHEREAS, Agreement No. CS-524, Program Management Consultant Contract, was awarded to a joint venture consisting of Bechtel Infrastructure Corporation, The Jefferson Company, and Sverdrup Civil, Inc. (The San Francisco Water Alliance) as prime contractor on May 10, 2000 (Resolution #00-0130) and approved by the Board of Supervisors on August 28, 2000 (Resolution #754-00); and

WHEREAS, Since the award of the Program Management Consultant Contract, Jacobs Civil, Inc. has purchased Sverdrup Civil, Inc.; as of March 1, 2002 Sverdrup Civil, Inc., no longer exists as a separate legal entity; and on October 1, 2000 the Jefferson Company changed its name to Primus Industries, Incorporated; and

WHEREAS, On March 28, 2002 Bechtel Infrastructure Corporation made a proposal to be allowed to withdraw from the San Francisco Water Alliance

WHEREAS, The remaining joint venture partners, now consisting of Jacobs Civil, Inc. and Primus Industries, Inc., have requested that they be assigned the Program Management Contract and allowed to complete the contract terms; and

WHEREAS, The General Manager recommends that one of the three proposed actions be approved; now, therefore be it

RESOLVED, That this Commission hereby authorizes General Manager to execute an Amendment to CS-524, Program Management Consultant Contract, accepting the withdrawal of Bechtel Infrastructure Corporation from the San Francisco Water Alliance; accepting the assignment of the Program Management Contract from the former San Francisco Water Alliance joint venture to the newly constituted San Francisco Water Alliance joint venture; referring the acceptance of the assignment to the Board of Supervisors for approval, and waiver of the competitive procurement process; and requesting release of remaining contract funds for the current fiscal year.

OR

RESOLVED, That this Commission hereby authorizes General Manager to execute an Amendment to CS-524, Program Management Consultant Contract, terminating the Program Management Contract for cause/convenience; requesting the Board of Supervisors to waive the competitive procurement process and authorize the SFPUC to negotiate and award to the H2O Partnership or, if such negotiations are unsuccessful, to negotiate and award to any qualified contractor; and requesting the Board of Supervisors to release remaining contract funds for the current fiscal year upon award of a contract by the SFPUC.

OR

RESOLVED, That this Commission hereby authorizes General Manager to execute an Amendment to CS-524, Program Management Consultant Contract, terminating the Program Management Contract for cause/convenience; and instructing staff to issue a new Request for Proposals for Program Management Services.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of _____

Secretary, Public Utilities Commission



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Utilities Engineering Bureau
1155 Market St., 7th Floor, San Francisco, CA 94103 • Tel. (415) 554-0702 • Fax (415) 554-1877
Michael E. Quan, Manager



May 2, 2002

Ms. Patricia E. Martel
General Manager
SF Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103

WILLIE L. BROWN, JR.
MAYOR

ANN MOLLER CAEN
PRESIDENT

E. DENNIS NORMANDY
VICE PRESIDENT

ASHOK KUMAR BHATT
JEFFREY CHEN

PATRICIA E. MARTEL
GENERAL MANAGER

Dear Pat:

With the withdrawal of Bechtel Infrastructure Corporation from the San Francisco Water Alliance, the SFPUC has received a proposal from the remaining partners in the joint venture to continue providing program management consultant services. This letter documents SFPUC staff's effort to review said proposal to assess whether the remaining SFWA partners meet the program management requirements as stated in the original Request For Proposals (RFP). Our findings indicate that the remaining SFWA joint venture does sufficiently meet the substantial financial capability, reliability, strength and corporate depth as well as significant knowledge, breadth, experience and capability required of SFPUC's program management consultants.

While much of the focus of the SFWA contract has been centered on Bechtel, the fact is that SFWA is actually made up of eleven separate and distinct companies, including the two remaining prime joint venture partner companies, that is, Jacobs Civil Inc. (formerly Sverdrup Civil) and Primus Industries, Inc. (formerly The Jefferson Company). Jacobs Civil and Primus Industries have indicated their desire to continue to provide program management services to the SFPUC, should that be the desire of the SFPUC. Under such a scenario, the joint venture proposes to appoint Jacobs Civil Inc., as the lead partner because they possess the magnitude of experience stated in the original RFP, principally adequate program management experience, similar in size and complexity required for the SFPUC Capital Improvement Program, and demonstrated experience in water and wastewater treatment.

Jacobs Civil has proposed the following three candidates for the position of Program Director:

- Gary Brasser
- Darlene Gee
- Wallace White

Mr. Brasser has the required experience and the certification established by the RFP, namely over 15 years experience in his field of expertise and more than 5 years experience in a similar program management position on a water/wastewater program similar to SFPUC's capital program. Mr. Wallace White has the requisite experience stated above, but lacks a California professional engineering (PE) license. Ms. Darlene Gee has the appropriate California PE license and excellent experience in hydroelectric

Ms. Patricia E. Martel

May 2, 2002

Page 2

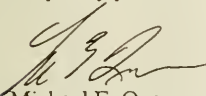
projects, bridges and transit systems but lacks the experience of having worked on a billion dollar water project.

A review of the newly constituted, proposed SFWA team members' qualifications are in conformity with the requirements of the RFP, with the exception of Mr. George Martinez as the Engineering Technical Support lead. Mr. Martinez does not have a California PE license, hence the team now proposes Mr. Fang Lee to lead Engineering Technical Support. Mr. Lee has all the requisite experience and PE license, and with this substitution, the requirements for the program management team are met.

A comparison of the RFP firm and team requirements provided by the new SFWA team (Jacobs Civil) is presented as attachments.

Based on the submitted proposal and verifications of the submitted data, SFPUC staff finds the newly constituted SFWA capable of undertaking the Program Management for the Capital Improvement Program.

Very truly yours,

A handwritten signature in black ink, appearing to read "M. E. Quan", is written over the typed name.

Michael E. Quan
Manager, Utilities Engineering Bureau

MEQ:nem

TABLE I

RFP REQUIREMENT FOR PRIME PMC CONSULTANT

	QUALIFICATIONS OF PRIME PMC CONSULTANT	SFWA (JACOBS ENGINEERING) PROPOSAL	RESULT
1	Annual corporate revenues of \$100M+.	\$3.5 Billion	Met requirements
2	10 years experience as PMC for public works programs of \$1B+, similar in size, complexity to SFPUC.	San Diego Clean Water Program - \$1.3 Billion (Construction Manager) Everglades Restoration - \$3 Billion Tampa Bay Master Water Plan \$1.4 Billion CIP for St. Louis Metropolitan Sewer District - \$3.5 Billion	Met requirements
3	High quality results as PMC on major programs of \$1B+, performed to high technical standards, on time, within budget, achieving significant cost savings and client satisfaction.	San Diego Clean Water Program - \$1.3 Billion (Implemented OCIP, Project Cost Savings and Contracting Strategy resulting in savings)	Met requirements according to references
4	Record of corporate commitment to inclusion of minority and women-owned businesses as members on private and public contracts	<ul style="list-style-type: none"> Everglades Restoration (\$3 Billion): 41% Target, 59% compliance Crown Works Cleveland Ohio; \$135M; MBE/WBE - 38% Combined Sewer Overflow Program Portland: Average in normal program was 10-12% but the Sverdrup involvement resulted in 25-30%. 	Met requirements
5	Capability to meet insurance requirements.	N/A – SFPUC has implemented an OCIP (Feb. 2002)	

TABLE I
RFP REQUIREMENT FOR PRIME PMC CONSULTANT

6	Capability and experience to meet SFPUC needs for flexible and expert services.	Has 30,000 world wide and 300 in the Bay Area. Sverdrup Civil (now part of Jacobs Engineering) has extensive Water/Wastewater experience and expertise. ENR rated Jacobs #3 of top Engineering Companies.	Met requirements
7	Strong knowledge and understanding of CA water issues, regulations and stakeholder concerns.	Several projects in California are completed such as Expansion of Waste Water Treatment Plant in Fresno, San Diego Clean Water Program, Lake Casitas Pressure Water Treatment Plant in Lake Casitas, City of Escondido etc.	Met requirements
8	Strong experience with client staff development and training, transfer of PMC management systems and technology to client staff	Sewer Overflow Program at Portland (\$700M) involved extensive training and staff development	Met requirements
9	15 years experience with water and/or wastewater systems, operations and engineering.	40- Year Corporate Experience including 20- Year extensive Water/Wastewater Experience.	Met requirements

TABLE II
RFP REQUIREMENT FOR PMC MANAGEMENT TEAM LEADERS

	QUALIFICATIONS OF PMC MANAGEMENT TEAM MEMBERS	SFWA (JACOBS CIVIL) PROPOSAL	RESULTS
1	PMC shall propose small Management Team consisting of no more than 4 members to support the PMC Program Director.	Program Director supported by four lead Managers for Program Controls, Operations Management, Technical Expertise and communications/outreach.	Met requirements
2	PMC Program Director must have 15+ years in their field of expertise, 5+ years in similar program management position on a public works water and/or wastewater program of \$1B+, similar in scope, complexity and importance to SFPUC program, and have current California P.E. license:	<ul style="list-style-type: none"> • Gary Brasser – Has 15+ Year Experience, 5 Year Experience With Water/Waste Water Projects, has worked on \$1B plus projects and has California PE License (Provided 7 References) • Darlene Gee – Has 15+ Year Experience, mostly in Hydro-electric, Bridges and Transit System and has not done any Billion dollar program. Has California PE License (Provided 5 References) • Wallace White – Has 15+ Experience, 5 Year Experience with Water/Waste Water, and has worked on \$1B Plus Project. Does not have California License. (Provided 4 References) 	One candidate met all requirements, with two candidates possessing most but not every single requirement
3	PMC Management Team members must have 8+ years in their field of expertise, 5+ years in similar program position on a public works program of size, complexity and importance to SFPUC program, and have current California P.E. license.	<p>Proposed candidates meet the requirements established in the RFP and they are:</p> <ul style="list-style-type: none"> • Program Controls: Perry Peterson • Operations Management: Fang Lee • Construction: John Klepac • Communications/outreach: Barbara French 	Met requirements



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

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3:00 P.M.
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COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

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Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 3:05 P.M.
2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Ashok K. Bhatt
Excused – Commissioner Jeffrey A. Chen
3. Public Comments on matters not on today's agenda.

There were none.

SPECIAL ORDER OF BUSINESS

4. Discussion and possible action regarding the Program Management Contract (Contract # CS-524).

Patricia E. Martel, General Manager of Public Utilities, apprised Commissioners on the progress by Bechtel and San Francisco Water Alliance (SFWA) on their six-month contract extension through March 21, 2002. During this extension, Ms. Martel reported to the Board of Supervisor's Finance Committee on Bechtel's progress as Program Management Consultant (PMC) of SFWA. Despite positive progress reports, the Board of Supervisors (BOS) defunded Bechtel as the PMC as of March 21. Subsequent to defunding, the Commission requested Ms. Martel to work with the City Attorney to identify options for the Commission to consider for moving forward with a PMC. Three options were devised with City Attorney input and presented as recommendations for the Commission.

ALTERNATIVE I.

The first option is to accept the withdrawal of Bechtel Infrastructure Corporation from SFWA. Under this option, the Commission would accept assigning the PMC contract from the former SFWA joint venture to the newly constituted Water Alliance joint venture. If this option were to be approved, the Commission would take action and then refer the acceptance of the approved assignment to the BOS for approval and waive the competitive procurement process and request for release of funds remaining on reserve for the current fiscal year.

ALTERNATIVE II.

The second option is to terminate the PMC contract for cause and convenience. SFPUC would request the BOS to waive the competitive procurement process and authorize the Commission to negotiate an award to the H2O Partnership, the second competitive bidder in the Request for Proposal (RFP) process which

previously selected Bechtel and SFWA. If this option was pursued and it was unsuccessful in negotiating and awarding a contract to the second responsive responder, SFPUC would be able to seek any qualified contractor from that process to fulfill contractual needs. SFPUC would then request BOS to release the remaining funds on reserve.

ALTERNATIVE III.

The third option is to terminate the PMC contract for cause and convenience and issue a new RFP for PMC services.

Ms. Martel expressed time is her primary concern with replacing the current PMC contract. Any delays would not be in the best interests of the SFPUC. Staff training and development is occurring to enable moving forward on the Capital Improvement Program (CIP) implementation. She stated concern the Commission take action to further the efforts to build the staff's capability. She said SFPUC staff, working directly with a skilled PMC experienced with various systems, will assist their selection of needed systems for use at SFPUC.

Ms. Martel asked for questions.

Vice President Normandy, through the Chair to the General Manager, referring to a chart (SFWA version 2) asked if the consortium led by Jacobs Engineering meets or exceeds the performance requirements for the contract and if Ms. Martel agrees.

Ms. Martel agreed. She is satisfied with the details that have been reviewed and referenced by Utilities Engineering Bureau (UEB) Manager. In addition, the information provided by Jacobs Engineering regarding their personnel and ability to execute the PMC role satisfies all the criteria established in the original RFP.

Vice President Normandy, through the Chair, requested staff put in writing the findings that have resulted in the chart so that it's entered for today's record as staff's recommendation and evaluation of the proposed new venture.

Commissioner Bhatt asked for clarification on the length of time of Alternatives I, II and III and if there was a difference of time delay with each option?

Ms. Martel responded that Alternative I would have a minimal time delay as SFWA joint venture partners have been working to fulfill the contract, including what has been asked of them over the last six months. She offered that this option provides an almost seamless transition. Jacobs Engineering has been proposed to be a substitute for Bechtel as PMC. Jacobs, formerly known as Sverdrup Engineering, has been a partner in SFWA and is familiar with all of the work that has been completed to date by Bechtel and SFWA. The remaining joint venture partners could assist Jacobs in getting up to speed, if needed.

Alternative II of negotiating with the second responsive bidder offers the ability to bring in a very competent PMC. Ms. Martel's concern with this process is that there would be a time delay because SFPUC would have to start from the beginning in negotiating a contract. She voiced the concern that any delay beyond a few weeks would be serious as it would imperil the CIP. Negotiations could take two-six months. In addition, once the contract was awarded, there would be a time delay due to having a new consultant and staff and the learning process.

Alternative III, to issue a new RFP for Program Management Services, conduct interviews, and make a selection could take 12 months or longer. Ms. Martel stated she doesn't believe there is time for this length of delay. The concern for SFPUC implementing the CIP does not make this option likely or positive.

Commissioner Bhatt asked if SFWA, without Bechtel, has sufficient support to complete the project in the time frame.

Ms. Martel responded that the SFWA joint venture partners have proposed that Bechtel be replaced by Jacobs Engineering, which has always been a member of the joint venture partners. Jacobs has been working with Bechtel and all the other partners from the beginning on this contract and is a worldwide engineering firm with capabilities and a staff comparable to Bechtel. They have been involved in the planning, design and construction of major water and waste water facilities as well as serving as PMC with other utilities comparable to SFPUC. She stated she believed they could provide a seamless transition.

Commissioner Bhatt inquired if any negotiation would be needed for any of the options or if the original contract given in 2000 was going to be accepted and honored.

Ms. Martel answered that she had not heard differently from SFWA partners and that they would move forward with contract implementation as it had been negotiated. She anticipates no time delay on contractual issues.

Vice President Normandy requested a listing from SFWA of the firms that will comprise the reconstituted SFWA. He understood it would be all the same member firms of the SFWA except Bechtel. He requested this for the assurance of the Commission and the public. He also requested that all the communications and internet accessibility aspects of the contract that were stipulated originally be met by the reconstituted SFWA.

Ms. Martel responded she had been directly assured by the restructured joint venture partnership that all issues raised are correct. The team members would remain the same as in the contract to date except for Jacobs Civil Engineering replacing Bechtel. She noted that a list of proposed staff had already been requested from the restructured joint venture partnership. In addition, Jacobs has provided three names of individuals who could serve as the Program Management

Director, a position previously held by a Bechtel representative. Interviews will be conducted to choose a director.

Vice President Normandy asked for clarification about Jacobs participating in the original contract under the guise of Sverdrup. Ms. Martel affirmed that Jacobs was Sverdrup.

President Caen asked for public comment on the subject.

Public Comments:

Nick Smyth, Vice President of URS Corporation, presented a letter to the Commission regarding the H2O Partnership as an alternative PMC for the CIP.

Lesley Abbott, Member of Local 21, spoke in support of significant and dedicated in-house SFPUC personnel being reassigned to the CIP immediately.

Vice President Normandy stated his support for Alternative I because of the time factor and asked to move the item. He commended URS for their excellent participation and all the other firms involved. Vice President Normandy requested changes to the resolution and that the chart developed by staff be attached as part of the resolution.

President Caen seconded the motion and asked for discussion.

Commissioner Bhatt asked in terms of finance if Alternative I required further negotiation, or if it would be the same dollar amount originally negotiated.

Ms. Martel responded that moving forward with this contract shows intent to make a seamless transition and that the contract that stands is the one that will go forward. The contract will continue as was negotiated previously with the dollar amount and all the terms remaining intact. Ms. Martel stated she would not renegotiate terms without direction from the Commission.

Vice President Normandy stated that he understood everything would continue as originally planned with Bechtel voluntarily dropping from the team. He understood from City Attorney clarifications that a team member may be dropped at no sacrifice to the original terms of the contract provided that the contract can still be met. Based on staff findings, he voiced enthusiasm for finding a solution for moving forward expeditiously.

Commissioner Bhatt asked what would happen if another team member dropped out as Bechtel did. What would the responsibilities and liabilities be if another member voluntarily left? Would there be delays? Would there be changes and would they have to start over?

Ms. Martel said these were good questions. She stated she had been provided assurances from the joint venture partners of SFWA that they fully intend, if assigned the contract, to fulfill all its requirements. Ms. Martel suggested, through the Chair, that Mr. Jim Jefferson, a joint venture partner, speak to this question. Mr. Jim Jefferson, Primus Infrastructure Company, availed himself to respond to questions. He announced there were representatives from Jacobs Civil, Inc. who could respond to questions and provide an overview of their capabilities and qualifications.

Commissioner Bhatt asked what would happen if Alternative I was chosen and in six months another partner voluntarily left the project. He asked where the responsibility would lie. He voiced his concern for interruption in the future.

Mr. Jefferson responded stating the interruption being experienced now was not of SFWA's making as Bechtel was asked to withdraw. He expressed the joint venture has been intact and would remain intact. He stated they didn't anticipate the interruption and are not anticipating any interruptions of this type in the future. He expects the remaining joint venture partners to continue to provide the services on the contract for the SFPUC for the remaining term of the contract.

Commissioner Bhatt asked Mr. Jefferson that if a team member dropped out, would they take expertise or makes exchanges with other firms from Alternative II or III.

Mr. Jefferson replied that all of the companies participating in the project up to now would continue to provide services on an uninterrupted basis. He is not anticipating any substitutions of any of the firms involved at the present time. He explained the previous SFWA consisted of three joint venture partners, one of which was Bechtel. The proposal is to continue the joint venture uninterrupted with the remaining two partners with Jacobs Engineering assuming the lead role and replacing Bechtel.

President Caen asked if Jacobs would continue to do the work they had had been doing under the original SFWA, or if another firm would take over those responsibilities.

Mr. Jefferson answered they are not anticipating bringing in another firm. Jacobs' role has been lead responsibility for construction management services. At this time, SFWA will collaborate with SFPUC General Manager and staff to evaluate the scope of work needed and assign staff accordingly. A staffing plan has been submitted to the General Manager identifying staff qualified to take over Bechtel's functions. They have been in consultation with Bechtel and will be working with them for an orderly and productive transition. President Caen affirmed she'd seen the staffing report.

Vice President Normandy asked for confirmation that all the requirements of the former three lead partners—Bechtel, Primus and Jacobs—would now be filled by the two lead firms of Primus and Jacobs. Mr. Jefferson confirmed this is correct.

Vice President Normandy asked if the minority and local subcontractors would be affected by the change, and if they would assume more work. Mr. Jefferson replied this was correct.

Vice President Normandy asked Mr. Jefferson to confirm the two questions he raised earlier regarding the communications and internet accessibility programs that were required as part of the RFP and the contract and if they are going to be met by the reconstituted SFWA. Mr. Jefferson answered this was correct and that all the other services constituting the present scope would continue.

Commissioner Bhatt inquired about creating a fourth alternative involving a combination of the other options and if there would be a legal impact and time delay. Ms. Martel stated the City Attorney could respond to legal matters. She responded a fourth option would result in a time delay because bringing in a new contractor would require negotiating a new contract.

Vice President Normandy commented that a fourth alternative was speculative and there is no time for speculation. He urged choosing one of the three options available and moving ahead on the CIP.

President Caen called for Mr. Smyth and asked if his team would be the same as it was almost three years ago when the contract was bid, or would it be a whole new team? Mr. Smyth responded the majority of the original team would be intact.

President Caen asked about their time frame with renegotiating. Mr. Smyth stated it takes one-two months to negotiate a contract, but they are prepared to speed up the process to work almost immediately.

President Caen called for the vote on Alternative I.

Moved by Vice President Normandy, seconded by President Caen, to adopt the following resolution (Alternative I); passed (3-0) unanimously.

Resolution No. 02-0079: Alternative I.

- a) Accept the withdrawal of Bechtel Infrastructure Corporation from the San Francisco Water Alliance, a joint venture consisting of Bechtel Infrastructure Corporation, The Jefferson Company, and Sverdrup Civil, Inc., prime contractor for the Program Management Contract.

- b) Accept the assignment of the Program Management Contract from the former San Francisco Water Alliance joint venture to the newly constituted San Francisco Water Alliance, a joint venture consisting of Jacobs Civil Incorporated and Primus Industries Incorporated.
- c) Refer the acceptance of the assignment to the Board of Supervisors for approval and waiver of the competitive procurement process specified under San Francisco Administrative Code Section 6.40 and request release of remaining contract funds for the current fiscal year.

After the vote had been taken, President Caen commented it was regretful that the Commission had to accept Bechtel's withdrawal, and for the record, shared that she felt Bechtel met all of its performance objectives. She also commended URS and concluded by strongly encouraging the BOS to strongly approve today's action immediately.

Vice President Normandy echoed President Caen's sentiments and expressed hope in receiving the BOS and Mayor's Office approvals in order to move from a demobilization plan to a transition plan. He thanked Bechtel for their actions and corporate citizenship.

Commissioner Bhatt expressed his support of the reconstituted SFWA continuing the project and with little interruption. He hoped the BOS would not block the funding.

Ms. Martel praised Bechtel for their skill and competence. She commended them for fulfilling all their contractual requirements and their professionalism throughout the entire process. She also thanked URS. She commented she has observed program management services are needed at SFPUC and anticipates the new joint venture partners will continue in the same professional manner as Bechtel. Ms. Martel emphasized the most critical factor in today's action is time. She shared she had spoken at both the State Assembly and Senate today regarding legislation that potentially would impact the CIP. In both hearings concern was raised about what action the Commission would take to replace Bechtel and that there be adequate assistance for SFPUC to move forward with the CIP.

Thereupon, the meeting was adjourned: 4:00 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

SPECIAL MEETING

May 14, 2002
10:00 A.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

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Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

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Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

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SPECIAL ORDER OF BUSINESS

4. Presentation of report on independent engineering and financial analysis related to the Capital Improvement Program and Long Range Financial Plan performed by R.W. Beck.
 - a) Staff Recommendation: For discussion only.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

May 14, 2002
10:00 A.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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SAN FRANCISCO
PUBLIC UTILITIES COMMISSION

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The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS

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Hetch Hetchy Water & Power
Clean Water Program
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Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 10:10 A.M.
2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Jeffrey A. Chen

Commissioner Ashok K. Bhatt arrived at 10:22 A.M., after roll call.
3. Public Comments on matters not on today's agenda.

There were none.

SPECIAL ORDER OF BUSINESS

4. Presentation of report on independent engineering and financial analysis related to the Capital Improvement Program and Long Range Financial Plan performed by R.W. Beck.

a) Staff Recommendation: For discussion only.

Patricia E. Martel, General Manager of Public Utilities, stated that the Mayor's Infrastructure Task Force (MITF) recommended having an independent engineering analysis performed on the Capital Improvement Program (CIP) and the Long-Range Financial Plan (LRFP). R.W. Beck was contracted to conduct the analysis.

R.W. Beck's report contains a series of recommendations addressing concerns identified in the review. In addition to R.W. Beck's review, a group of experts from different organizations forming the Blue Ribbon Advisory Committee (BRAC), are reviewing the Beck findings. BRAC anticipates their report will be ready and distributed by the May 28 Commission Meeting. BRAC's report will provide conclusions about the Beck study and offer a series of recommendations to implement R.W. Beck's recommendations. BRAC's report will address some of the policy-related issues that were not covered in detail in the Beck report.

Mr. Russ Stepp and Mr. Mike Bell, consultants with R.W. Beck, were the presenters of the report. The format for their PowerPoint presentation covered highlights of the report followed by their recommendations. Mr. Russ Stepp stated the project started mid-March 2002 and is comprised of three parts: Part One – CIP Evaluation looks at the overall CIP and assesses the necessity of the projects included; Part Two – CIP Implementation Review looks at capability and capacity to do the CIP; and Part Three – Review of the Long-Range Financial Plan.

Mr. Stepp presented Part One which consisted of a brief synopsis of the history of the CIP. This was followed by four conclusions and five recommendations pertaining to the CIP evaluation.

Commissioner Bhatt arrived at 10:22 A.M.

Mr. Stepp presented Part Two which covered five current status areas, seven risk areas to implementing the CIP and ten recommendations for how to implement the plan.

Mr. Bell presented Part Three which consisted of five assumptions, two ratios and covenants for financial analyses, a series of graphs and charts depicting revenues and costs and six conclusions regarding the financial plan.

At the conclusion of the R.W. Beck presentation on the CIP review, Ms. Martel asked for questions from the Commissioners regarding Beck's study and findings.

President Caen congratulated Mr. Stepp and Mr. Bell on their thorough and excellent report. She stated she was happy they agreed with the CIP evaluation, and to know it was based on valid criteria and that assumptions were accurate and valid. She stated it was great to have the recommendation that the CIP is ready to be adopted, that the projects are good and necessary, and that the cost and schedule exceeds the norm. She stated the 10 CIP implementation recommendations were very valid. She was pleased that the LTFP was logically constructed and the assumptions were reasonable. She shared concern about Proposition H and lowering the bond ratings.

Vice President Normandy agreed on the thoroughness and the enlightening nature of the report. He stated it validates the process and confirms conclusions SFPUC reached. Regarding the LRFP, he shared the Beck analyses and summaries were very useful in shedding a different light on the material. Vice President Normandy asked how the SFPUC is going to be able to come into the process with our revenue bonds with a specific number and still be able to leave a safety valve of an annual review.

Mr. Bell answered the plan has a program contingency and a management contingency. The contingencies will allow for the safety valve as there is always flexibility built into them. Besides those contingencies, there is a plus or minus 30% order of magnitude. Mr. Bell said it is acceptable to appropriate an amount annually for implementation. It is rare that they get implemented at a 100% level because of unforeseeable or impossible-to-track delays. Other programs looked at try to do that annually and then run a report card. The report cards reviewed showed that in the 85-95% range, they are probably at what they expect to implement. This is another piece of contingency. It is not unusual to have that and it helps set up expectations annually for everybody. In a 13-year program, it gets

so big it is easy to get lost. Revisiting it annually gets everybody recalibrated once a year to go forward.

Vice President Normandy stated he was comforted to hear that a 30% plus or minus is acceptable in the industry.

Mr. Bell elaborated. When consultants put together estimates, they are asked to do that and that it is not unusual for them to build in larger contingencies. He stated it was very good to work it down to a plus or minus 30% at this level. When planning and design begins, the number should reduce.

Vice President Normandy asked if it was doable to capitalize interest over a 3-year period instead of 2 years. Mr. Bell responded it should not present a problem.

Commissioner Chen asked that the water sizing and the performance standards be explained.

Mr. Bell answered that when a water system is built, the supply is developed to meet the maximum-day demand. The supply is determined into the future, typically 20 years. Mr. Bell commented that no one had really established the maximum-day demand level. Some larger systems do a multiple-day instead of one-day supply. There is flexibility. The level dictates how big the capacity is going to be. He stressed the importance of establishing what the capacity is going to be and that the environmental piece will drive this. Reservoir capacity also requires sizing criteria and in many cases is sized to meet the peaks of maximum-day. The supply meets the average of maximum-day. During the day, the system will peak a little bit and that has to come out of storage. There is also some operational storage to meet the flow on the system and ultimately other flows come out of that storage. SFPUC has some large terminal reservoirs in town which help for emergency storage. Without them, emergency storage would be built into the capacity. Beck did not find this detailed type of criteria in the performance in the master water plan, which is expected. This is not a flaw, but in moving forward and further refining these projects, this criteria will be asked for and needed. He felt it probably exists in theory in the SFPUC, but hasn't been thoroughly documented.

Commissioner Chen inquired about the schedule for completion time of projects and how it compares with other utilities of similar size? Mr. Bell answered that it varies. He gave the example of a major supply project in the Northwest that started conceptualization in 1967 and began laying pipe in 1996. He suggested getting the smaller \$1-5 million projects done more quickly. When taken in the context of all the money that is going to be spent on the CIP, and with a 13-15 year time frame, those types of projects need to happen faster. Beck's analysis was current scheduling needs to increase to meet the CIP.

Vice President Normandy stated he was not convinced that the report as currently drafted is ready for implementation, because there were several factors raised, such as the alternative project delivery, which needs back-up.

Mr. Stepp stated the alternative project delivery is a different way of implementing the project. The alternative delivery method allows for a design build. A team is hired to design and construct a project. This accelerates the process and reduces risks. The alternative delivery methods are used as a way to implement projects in a more expedient and cost-effective manner.

Vice President Normandy asked if alternative delivery methods are supposed to be factored into the current draft before approving it. Mr. Stepp responded that it was not necessary and that it is a follow-up in the implementation plan and can easily be handled there.

Vice President Normandy stated his other concern was the 3-4 year ramp-up of projects coupled with the fact of needing a factor of 10 times in personnel and how this would effect the timetable. If the problem is in implementation, he requested more discussion on this.

Mr. Stepp responded SFPUC needs to start somewhere and believes there is the foundation within the staff to do so. The PMC has the needed experience level. It is time to allow those teams to come together and move forward to begin the implementation. The longer the wait, the more everything is delayed. There will be ramp-up time to get the group efficient, but once that efficiency is achieved, the projects then become implemented in meeting the schedule. There may be lagging on the schedule the first few years, which is expected. In the latter years, it should be moving pretty efficiently. The CIP may get pushed out a few years, which wouldn't be unusual as it is an aggressive schedule.

Vice President Normandy raised the concern that pressure from both within the system and outside has been received about the CIP needing to be implemented as soon as possible. Pressure has also come from other interested groups requesting addressing this in more piecemeal fashion. Vice President Normandy raised the question of how SFPUC will address Beck's recommendations, answer to the concerns/pressures, and move expeditiously on the CIP. He asked if Beck could help create the rationale to explain initial problems and need for fine tuning.

Mr. Stepp replied there is justification in the report that didn't get in the presentation. He noted Beck benchmarked 3 major programs: the East Bay Municipal Utility District, the Southern Nevada Water Authority, and the San Diego County Water Authority. They all had different approaches to implementing and SFPUC embodies pieces from all of them. All three indicated it takes time to get up and running. SFPUC just needs to start and there is sufficient justification to do so. In the first year of the program, some of the recommendations will be addressed, some of them will change, and there will probably be a different series of items that

will need addressing to continue to fine tune how the CIP gets into place. The most critical is filling the leadership void. The other is to make sure that roles and responsibilities of the PMC and CIP group are completely understood.

Vice President Normandy thanked Mr. Stepp for raising the Commission's comfort level.

President Caen questioned Mr. Stepp's statement in section 4 regarding project delivery over the first 2-3 years further eroding PUC's credibility. She coupled this with the fact and the risk about staffing and hiring and how cumbersome and time-consuming the process is. She asked what could be done being that the City operates the way it does. She then asked him if the CIP time frame could really be extended.

Mr. Stepp suggested setting reasonable targets in the first few years that can be achieved because the goal is to show success, especially to constituency. As for staffing, he stated when there is a special CIP of this magnitude, the City's hiring practices do get modified or accelerated to address the need. He thought it was a benefit that SFPUC is in a major urban area as the private sector could fill in the gaps on a temporary basis while CIP ramps up to full speed for reasonable staffing requirements and maintenance. Beck has seen other programs ramp up similarly. He gave two examples. Southern Nevada is a mix of public utility staff and private consultants working together, using their complimentary strengths to implement their program. San Diego County Water Authority has a program staff of 40% "contract hires" and uses consultants strictly as an extension of their staff to run their program. Both are utility people with a different employment approach.

Vice President Normandy asked Ms. Martel about Beck's suggestion for a clear definition of the roles and responsibilities of the CIP group and PMC. He recollected the SFWA contract clearly defined this and asked for affirmation that this process should not need to be done again.

Ms. Martel answered the original contract outlined the respective roles and responsibilities. SFWA and SFPUC staffs were to be integrated; however, SFPUC staff feel there was a lack of integration. It was intended that the SFWA staff and SFPUC staff would integrate and work side by side. This happened in some instances, but not in a uniform way. These implementation issues need to be addressed with the new consultants taking over Bechtel's role. Ms. Martel stated the roles and responsibilities would be looked at in detail with the staffs of SFWA and SFPUC. They will meet in a group session and these clearly defined roles and responsibilities will be presented to everyone.

Vice President Normandy suggested that if SFPUC continues with the reconstituted SFWA, that meetings between SFPUC and the PMC be candid to alleviate problems of the past.

Ms. Martel affirmed Vice President Normandy's position. She stated one of the benefits gained from Beck's study is the tools acquired from it, which will help move forward the implementation of the new PMC responsibilities. The outcome of the review provides the basis to identify the needs the PMC can immediately begin to assist the staff with to address implementation issues. Ms. Martel stated she is meeting with Local 21 this week to review SFPUC plans with the PMC. She will share the Beck study. The issues raised are going to form the basis for how the PMC will be used. She sees that there are opportunities for Local 21 members employed by the SFPUC to gain skills to address implementation issues and move forward effectively.

President Caen asked for public comment. There was none. She commended staff for putting together the excellent CIP, which was validated in the R.W. Beck review.

Thereupon, the meeting was adjourned: 11:28 A.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

May 14, 2002
1:00 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of January 15, 2002 Special Meeting
 - b) Minutes of January 22, 2002 Regular Meeting
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Update on San Francisco Water Alliance Contract (Martel)
 - b) Lake Merced Update (Carlin)
 - c) Solar Plan Update (Smeloff)
8. Public Comments

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CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Accept work performed on Contract No. CW-281, Funston Avenue/12th Avenue/Moraga Street Sewer Replacement (Funston Avenue from Lincoln Way to Irving Street, 12th Avenue from Lawton Street to Moraga Street, and Moraga Street from 12th Avenue to Funston Avenue), approve Modification No. 2 (Final), for a final contract amount of \$441,626.45, and authorize final payment of \$47,808.54 to J. Flores Construction Company, Inc.
 - b) Staff Recommendation: Award Contract CW-282 to clean the Brannan Street sewer from the Embarcadero to Seventh Street, in the amount of \$108,050 to Pacific Liners.
 - c) Staff Recommendation: Approve the plans and specifications for Contract No. WD-2327, Repairs and Upgrades at Baden Valve Lot and Pump Station, and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.
 - d) Staff Recommendation: Approve the plans and specifications for Contract No. WD-2376, 8-Inch Ductile Iron Main Installation in South Van Ness Avenue between 14th Street and Cesar Chavez (Army) Street, and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.

REGULAR BUSINESS

10. Discussion and possible action related to Urban Water Management Plan update. (Carlin)

Staff Recommendation: Adopt a resolution acknowledging that the Urban Water Management Plan update 2000 covers projected growth in the City and County of San Francisco through the year 2020 and thereby fulfills the water assessment requirements for new developments of a certain size pursuant to recent amendments in the California Environmental Quality Act and the California Water Code.

11. Discussion and possible action related to fund transfer for Clean Water Enterprise salaries. (Okereke)

Staff Recommendation: Approve fund transfer in the amount of \$1,070,000 for the Clean Water Enterprise to cover projected deficits in the Salaries Character and associated Mandatory Fringe Benefits for FY 2002.

12. Discussion and possible action related to fund transfer to Clean Water Enterprise. (Keaney)

Staff Recommendation: Approve fund transfer in the amount of \$250,000 for the Clean Water Enterprise to purchase needed Equipment Maintenance Supplies for FY 2002.

LEASES AND PERMITS

13. Discussion and possible action related to a permit with College of San Mateo. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco a permit with College of San Mateo, a public agency, in San Mateo, to use approximately three (3) miles of running trails located on SFPUC watershed land near Hallmark Park in Belmont for a cross country training course.

14. Discussion and possible action related to a permit with St. Francis Center. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco a permit with St. Francis Center, a non-profit organization, in Redwood City, to use approximately 3,000 square feet of SFPUC land located at the corner of Buckingham and Marlborough Avenues in Redwood City for a community garden for its client families.

15. Discussion and possible action related to a revocable permit with the City of Burlingame. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco a Revocable Permit to the City of Burlingame for the use of approximately 15, 483 square feet of land owned by the San Francisco Public Utilities Commission located in the City of Burlingame.

CONSTRUCTION CONTRACTS

Advertise

16. Discussion and possible action related to Contract No. HH-903. (Quan)

Staff Recommendation: Approve the plans and specifications for Contract No. HH-903, Priest Reservoir Bypass - Pipeline, and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.

PROFESSIONAL SERVICE CONTRACTS

Advertise

17. Discussion and possible action related to Agreement No. CS-687. (Keaney)

Staff Recommendation: Authorize the Water Pollution Control Division (WPCD) Manager to advertise and request proposals for Agreement No. CS-687 As-Needed Training and Team Building Services, to enhance teamwork and cooperation within WPCD at an estimated cost of \$180,000 for a duration of three years.

CLOSED SESSION

18. Public comments on matters to be discussed in Closed Session.
19. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District,
San Francisco Superior Court No. 323848.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State
Water Resources Control Board, and City of San Francisco v. Daly
City, Superior Court No. 318-127.

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c):
(Clayton/Simpson)

Anticipated Litigation: As Plaintiff and As Defendant
Regarding delays and/or breach of communication and control
system contract.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c):
(Mueller)

Anticipated Litigation: As Plaintiff.
Regarding long-term power purchase contracts.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL
RECONVENE IN PUBLIC SESSION.

25. Announcement following Closed Session.

26. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

May 14, 2002
1:00 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT

SEP 12 2012

SAN FRANCISCO
PUBLIC UTILITIES COMMISSION

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:06 P.M.

2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Ashok K. Bhatt, Commissioner Jeffrey A. Chen

3. Approval of Minutes

Moved by Vice President Normandy, seconded by Commissioner Chen, to adopt the Minutes of the January 15, 2002 Special Meeting (as amended) and January 22, 2002 Regular Meeting; passed (4-0) unanimously.

4. Communications

No action taken.

5. Old/Ongoing Business by Commissioners

President Caen asked about the Jefferson Martin project and when the ISO Board meeting was.

Mr. Ed Smeloff, Assistant General Manager of Power Policy, Planning and Resource Development, responded that the ISO Board met two weeks ago and approved the Jefferson Martin project, allowing it to be rate-based and for PG&E to collect the revenues. Next, it will be submitted to the SFPUC for a Certificate of Need and an EIR. The report indicates approval of the transmission line and an outreach program to close down the Hunter's Point plant.

6. Introduction of New Business by Commissioners

Vice President Normandy requested two point-persons – (1) one for groundwater and storage issues and (2) the other for recycling water issues.

Commissioner Chen complimented Ms. Beverly Hennessey, Manager of the Communications Division, on recent brochures and requested that there be bilingual editions in Chinese and Spanish.

Commissioner Bhatt requested having a brochure listing ongoing SFPUC projects to keep the public informed. Ms. Patricia E. Martel, General Manager of Public Utilities, responded that outreach materials were developed for the community meetings by Reputation LLC and they will continue to prepare materials related to the CIP as it proceeds. Ms. Martel will share Commissioner Bhatt's suggestions with the consultant.

President Caen asked for a third quarter annual construction projects capital report. This should be a short report which would include details, such as how much money has been spent to date on various projects and where projects are to date in terms of completion. It would include all projects budgeted for this fiscal year.

7. Report of the General Manager

a) Update on San Francisco Water Alliance (SFWA) Contract

Ms. Martel updated the Commission on how SFPUC intends on proceeding to secure the Board of Supervisors (BOS) approval of the SFWA contract. The next step is for the Finance Committee to review the request for the release of funds on reserve. Ms. Martel will meet with each member of the Committee this week to discuss the Commission's action. Supervisor Aaron Peskin indicated that if SFPUC is not able to meet the deadline for submission of reports, a special meeting to consider SFPUC's request will be scheduled. BOS requested meeting with Local 21 to review the Commission's action and proposal. A meeting has been scheduled for this week. Following the Finance Committee's review, the proposal goes to the BOS for approval. With BOS's approval, SFPUC would request the remaining funding be released through the end of September—the end of the second contract year. At that time, SFPUC would go before the BOS again to request funding for next year.

b) Lake Merced Update

Mr. Michael Carlin, Manager of Bureau of Strategic & Systems Planning (BSSP), reported on several items: (1) A mediation process has been opened up with the City of San Bruno and California Water Services to address issues with the Westside Basin Aquifer. They both participated in the last mediation and are contemplating formally joining. They agreed to share data and it is desired they become full participants. (2) The contract amendment for Daly City for the conjunctive use project and the recycled water contract will be heard by the BOS Finance Committee on May 22. SFPUC has been working with the BOS Budget Analyst to move these items forward and help them prepare their documents and recommendations for the BOS. (3) SFPUC is currently working with Daly City to locate and install a deep salt-water intrusion well. One of the sites being considered is in the Oceanside Water Pollution Control Plant vicinity. We are working cooperatively with Daly City on that as it may result in a land-use permit for Daly City to install the well. (4) Construction of the storm-water pilot project has been completed. It will be operational this fall and will divert storm water from the Vista Grande Canal into Lake Merced. (5) SFPUC filed a quarterly progress report with the State Water Control Board (SWCB) pertaining to groundwater users and the Westside Basin Aquifer and efforts to resolve issues. (6) BSSP and the Communications Division developed a Lake Merced display and information table at SFSU and Lakeshore Elementary School which was successfully received.

Vice President Normandy asked if there had been any discussion relative to the immediate steps needed to stabilize the water situation in Lake Merced. Mr. Carlin replied that they are looking into the issue. For the short term, he shared they are working on a technology memo about how much water it would take to fill the lake. This raised the following issues: (1) operational, (2) water supply and availability of water, and (3) how the water level would be sustained over time based on unpredictable annual water availability.

Mr. Carlin further explained that the second phase will entail looking at alternate sources of water to put into the lake. Recycled water is a consideration but the issue needs to be broached with regulatory agencies. The third phase is the consideration of storm water addition as this has the ability of providing a great deal of water in a very short time frame. If this could be done, large quantities of storm water could keep the lake at a very high level year round.

Vice President Normandy asked if it would be practical and feasible for these three phases to be made into a project to stabilize the lake. He wants assurance that the SFPUC is exploring alternative options for filling the lake. Ms. Martel responded that staff is exploring other available options. She committed to try to provide the background information and options within the next two weeks.

Vice President Normandy thought it should be looked at as a self-contained project with a path focusing on a particular issue. Mr. Carlin asked if the path being referred to is in regard to the addition of Hetch Hetchy water into Lake Merced. Vice President Normandy and Ms. Martel agreed. Mr. Carlin said staff could report back in two weeks.

Vice President Normandy requested time frames, costs, and operating ramifications. He stated despite embarking on the CIP, Lake Merced is of high interest for the BOS and Mayor's Office.

President Caen called for speakers on the issue.

Public Comments:

Mr. John Plummer, from Friends of Lake Merced, reported there was a meeting last week with Vice President Normandy, Lake Merced Task Force Water Committee representatives, and Josh Milstein from the City Attorney's Office. Three priorities became clear at the meeting: (1) The lake needs to be stabilized for the short term so that it survives to develop a long-term plan as the lake level continues to go down despite normal rainfall. (2) A cohesive long-term plan needs to be developed to restore the lake to its mean 26-ft target level with emphasis on the habitat implications of raising the lake and mediating actions to ensure the habitat is protected. (3) Community support can assist the programs in their acceptance and implementation. He extended appreciation for Vice President

Normandy's request for dedicated groundwater management and recycled water staff.

Vice President Normandy expressed thanks and appreciation to staff for being responsive to his requests for concerns related to Lake Merced, the Lake Merced Task Force, and Friends of Lake Merced.

c) Solar Plan Update

Mr. Smeloff presented a draft Solar Power Development Plan to be taken to the BOS. The plan is the result of a BOS resolution passed on March 18 urging the SFPUC to complete an implementation plan for Propositions B and H. The objectives of this plan are to reduce San Francisco's dependence on fossil fuels, to increase in-City power generation and reduce peak demand to strengthen electric system reliability. Other objectives pertaining to solar acquisition, installation, partnerships, and workforce have also been determined.

The Proposition B and H bonds will be issued by Hetch Hetchy Water and Power (HHWP). Two implementation options will be presented to the BOS: a 10 megawatt and a 25 megawatt. The financial assumptions are: term of bonds is 30 years, interest is 5.5 percent, coverage is 1.5 times, and inverter replacement is at 15 years. Costs to the HHWP were determined for Years 1-5 and Year 30 for the 10 and 25-megawatt options.

Future steps to the plan are to proceed with funding the Moscone project with Mayor's Energy Conservation Account (MECA) dollars. In the fall, an RFP will be issued for a solar project at the Southeast Wastewater Treatment Facility. Identification of additional sites will be coordinated with the Airport, Port Commission and other agencies. HHWP will move forward with their business plan and the issuance of revenue bonds.

Vice President Normandy asked if technology would allow considering urban locations such as the East Bay watershed, tops of dams, and water reservoir shorelines as solar sites. Mr. Smeloff answered that while they are good potential sites, they are not cost efficient. Solar power provides electricity best where it's being directly used. As solar is expensive, it is not cost-effective to use remote locations.

Commissioner Bhatt thanked Mr. Smeloff, staff, and U.S. Department of Energy (USDE) for their work and presence at this Commission meeting. He asked if there was any potential for working with the private sector and if there are any promotional provisions like grants, subsidies and low-interest rate loans for these projects. Mr. Smeloff responded there weren't any in San Francisco. The envisioned revenue bonds cannot be used for the purpose of buy-down or grants because revenue bonds have to be repaid. There are state and federal programs that provide some subsidies. There is a state buy-down program for small systems

that homeowners can put on their roofs that pay up to half the cost of the system. HHWP is looking at ways that we could participate in that state program. The federal government has a program called "Renewable Energy Production Incentive" which pays 1.5 cents a kilowatt hour for all of the renewable energy that facilities generate.

President Caen inquired about the buy-down funds. She referred to the 10-megawatt assumptions that are not available, but the 25-megawatt that are available, questioning what the difference was between the two. Mr. Smeloff explained that state law would have to change to be able to use those funds for City facilities. The money that is available for the buy-down comes from a surcharge that is levied on PG&E ratepayers. The City is not a PG&E customer and does not pay into that fund, therefore is not eligible. The 25-megawatt program assumes a fairly large component of solar that is privately financed. The programs at Hunters Point and various commercial buildings would be eligible for the buy down.

Commissioner Chen asked if there was only one local installer of solar energy technologies in the Bay Area. Mr. Smeloff said there was one installer for smaller systems on households in San Francisco.

Commissioner Chen asked where bids would come from if a request for bids under either option went out. Mr. Smeloff stated bids will come from a large consortium of companies. The Moscone project received seven bids from national companies and some major manufacturers, and the winning bidder is from the Bay Area.

Commissioner Bhatt asked how long the project would take to finish. Mr. Smeloff answered bids were sent out in February, negotiating a contract takes 1-2 months, building will take 14 weeks, and the system should be operating on Moscone's rooftop by October, so 6-7 months from start to finish.

8. Public Comments on matters not on today's agenda.

There were none.

CONSENT CALENDAR

9. Moved by Vice President Normandy, seconded by Commissioner Bhatt, to adopt the items a-d listed under the Consent Calendar; passed (4-0) unanimously.

- a) Resolution No. 02-0080: Accept work performed on Contract No. CW-281, Funston Avenue/12th Avenue/Moraga Street Sewer Replacement (Funston Avenue from Lincoln Way to Irving Street, 12th Avenue from Lawton Street to Moraga Street, and Moraga Street from 12th Avenue to Funston Avenue), approve Modification

No. 2 (Final), for a final contract amount of \$441,626.45, and authorize final payment of \$47,808.54 to J. Flores Construction Company, Inc.

- b) Resolution No. 02-0081: Award Contract CW-282 to clean the Brannan Street sewer from the Embarcadero to Seventh Street, in the amount of \$108,050 to Pacific Liners.
- c) Resolution No. 02-0082: Approve the plans and specifications for Contract No. WD-2327, Repairs and Upgrades at Baden Valve Lot and Pump Station, and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.
- d) Resolution No. 02-0083: Approve the plans and specifications for Contract No. WD-2376, 8-Inch Ductile Iron Main Installation in South Van Ness Avenue between 14th Street and Cesar Chavez (Army) Street, and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.

REGULAR BUSINESS

10. Discussion and possible action related to Urban Water Management Plan update.

Mr. Carlin explained that this item brings SFPUC into compliance with the State law recently passed due to changes to the California Water Code and the California Environmental Quality Act. It allows City Planning (CP) to use the Urban Water Management Plan (UWMP) for the next cycle until it is updated in 2005. Today's action allows CP to move ahead as they consider upcoming developments and making sure they are in compliance.

President Caen asked for a copy of the attachment. Mr. Carlin stated the letter was from CP and acknowledged that UWMP contained all the projections for development in San Francisco for the next 20 years. Water usage in San Francisco has been properly projected out and the assessment for meeting that need was proper.

Moved by Vice President Normandy, seconded by Commissioner Chen, to adopt the following resolution; passed (4-0) unanimously.

- Resolution No. 02-0084: Adopt a resolution acknowledging that the Urban Water Management Plan update 2000 covers projected growth in the City and County of San Francisco through the year 2020 and thereby fulfills

the water assessment requirements for new developments of a certain size pursuant to recent amendments in the California Environmental Quality Act and the California Water Code.

11. Discussion and possible action related to fund transfer for Clean Water Enterprise salaries.

Mr. Kingsley Okereke, Director of the Finance Bureau, stated that Finance is doing year-end budget clean up for this fiscal year. The Clean Water Program projects a deficit balance in the salaries budget for \$1.07 million. The deficit came from filling positions and from MOU's that came into effect after the budget was adopted at the beginning of the fiscal year. The deficit is to be covered from a surplus of \$1 million in the power costs account and \$70,000 from the debt service account.

Moved by Commissioner Chen, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0085: Approve fund transfer in the amount of \$1,070,000 for the Clean Water Enterprise to cover projected deficits in the Salaries Character and associated Mandatory Fringe Benefits for FY 2002.

12. Discussion and possible action related to fund transfer to Clean Water Enterprise.

Mr. Bill Keaney, Manager of the Water Pollution Control Division, stated that Clean Water has a shortfall in the area of materials and supplies in the maintenance budget used to buy consumables and spare parts. The budget line has been cut 10% over the last 3 years and 11% needs to be pulled back in. CWE's large warehouse needs to stock parts and supplies not stocked by local suppliers. The materials are needed for summer maintenance. Many summer repairs were not done last year due to delays in obtaining materials. To avoid that this year, CWE was proactive and pushed up purchasing. Repair material prices have gone up. All work is needed to meet reliability standards and to keep treating wastewater.

Moved by Vice President Normandy, seconded by Commissioner Chen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0086: Approve fund transfer in the amount of \$250,000 for the Clean Water Enterprise to purchase needed Equipment Maintenance Supplies for FY 2002.

LEASES AND PERMITS

13. Discussion and possible action related to a permit with College of San Mateo.

Moved by Commissioner Bhatt, seconded by Commissioner Chen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0087: Authorize the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco a permit with College of San Mateo, a public agency, in San Mateo, to use approximately three (3) miles of running trails located on SFPUC watershed land near Hallmark Park in Belmont for a cross country training course.

14. Discussion and possible action related to a permit with St. Francis Center.

Moved by Commissioner Bhatt, seconded by Commissioner Chen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0088: Authorize the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco a permit with St. Francis Center, a non-profit organization, in Redwood City, to use approximately 3,000 square feet of SFPUC land located at the corner of Buckingham and Marlborough Avenues in Redwood City for a community garden for its client families.

15. Discussion and possible action related to a revocable permit with the City of Burlingame.

Moved by Commissioner Bhatt, seconded by Commissioner Chen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0089: Authorize the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco a Revocable Permit to the City of Burlingame for the use of approximately 15, 483 square feet of land owned by the San Francisco Public Utilities Commission located in the City of Burlingame.

CONSTRUCTION CONTRACTS

Advertise

16. Discussion and possible action related to Contract No. HH-903.

Mr. Michael Quan, Manager of Utilities Engineering Bureau, stated this project will construct a pipeline facility that will allow water to bypass Priest Reservoir during turbidity episodes. Mr. Quan explained the liquidated damages are severe at \$40,000 a day because the Hetch Hetchy system will be shut down for 52 days to allow for the major portion of the work to be conducted in the reservoir. The contractor will be working around the clock 7 days a week. A bonus clause of \$20,000 a day in the contract has been offered if it is finished in less than 52 days, capping at \$200,000. This has been reviewed with staff and the City Attorney.

Moved by Vice President Normandy, seconded by Commissioner Bhatt, to adopt the items listed under the Consent Calendar; passed (4-0) unanimously.

Resolution No. 02-0090: Approve the plans and specifications for Contract No. HH-903, Priest Reservoir Bypass - Pipeline, and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.

PROFESSIONAL SERVICE CONTRACTS

Advertise

17. Discussion and possible action related to Agreement No. CS-687.

Ms. Martel clarified that the real cost on this agenda the item is \$150,000, not \$180,000 as shown on today's agenda.

Mr. Keaney stated the purpose of this request is to provide training and team-building services to help supervisors deal with issues and minimize difficult situations.

Commissioner Chen suggested in the fourth Whereas paragraph, the word "year" be changed to "3 years."

Moved by Vice President Normandy, seconded by Commissioner Chen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0091: Authorize the Water Pollution Control Division (WPCD) Manager to advertise and request proposals for Agreement No. CS-687 As-Needed Training and Team Building Services, to enhance teamwork and cooperation within WPCD at an estimated cost of \$180,000 for a duration of three years.

CLOSED SESSION

18. Public comments on matters to be discussed in Closed Session.
There were none.
19. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Chen, seconded by Vice President Normandy, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 2:18 P.M. to discuss the following matters:

Closed session items were taken out of order, starting with No. 23.

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c): (Clayton/Simpson)

Anticipated Litigation: As Plaintiff and As Defendant
Regarding delays and/or breach of communication and control system contract.

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Commissioner Chen, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, UEB Manager Michael Quan, UEB Project Manager Kate Read, UEB Project Manager Boon Lim, and City Attorney Louise Simpson.

No action taken.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

Nothing to report.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

Nothing to report.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board, and City of San Francisco v. Daly City, Superior Court No. 318-127.

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Commissioner Chen, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Moved by Vice President Normandy, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0092: Recommend a settlement in the case of California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board, and City of San Francisco v. Daly City, Superior Court No. 318-127.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c):

Anticipated Litigation: As Plaintiff.
Regarding long-term power purchase contracts.

Nothing to report.

Following the Closed Session, the Commission reconvened in open session at 2:32 P.M.

25. Announcement following Closed Session.

President Caen announced the actions taken during Closed Session.

26. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Bhatt, seconded by Vice President Normandy, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 2:33 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REVISED AGENDA

REGULAR MEETING

May 28, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

MAY 24 2002

**SAN FRANCISCO
PUBLIC LIBRARY**

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) APWA Award (Martel)
 - b) Update on A & B Bonds (Martel)
 - c) Legislative Update (Martel)
8. Bay Area Water Users Association (BAWUA) General Manager's Report
 - a) Bay Area Water Users Association Update (Jensen)
9. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - a) Staff Recommendation: Approve the rejection of all bids for Contract No. WP-15, Septic System Rehabilitation, and authorize the Hetch Hetchy Water and Power Acting Manager to re-advertise the contract as Contract No. WP-15R, Septic System Rehabilitation.
 - b) Staff Recommendation: Approve the plans and specifications for Contract No. CW-263, SEWPCP Interim Gravity Belt Thickener Facility; and authorize the Utilities Engineering Bureau Manager to advertise for bids.
 - c) Staff Recommendation: Approve the plans and specifications for Contract No. CW-324, 2nd Street at Various Locations, Sansome Street, and Davidson Avenue Sewer Cleaning, in Second Street, between Mission Street and Stevenson Street; in Stevenson Street, between Second Street and Ecker Street; in Ecker Street, between Stevenson Street and Market Street; in Sansome Street, between Pacific Avenue and Vallejo Street; in Sansome Street, between Sutter Street and Pine Street; and in Davidson Avenue, between Rankin Street and Phelps Street; authorize the Utilities Engineering Bureau Manager to advertise for bids.

- d) Staff Recommendation: Approve the plans and specifications for Contract No. CW-304, 11th / 18th / 22nd Avenues Sewer Replacement to replace the existing sewers and manholes on 11th Avenue from Geary Boulevard to Anza Street, 18th Avenue from Geary Boulevard to Anza Street, 18th Avenue from Cabrillo Street to Balboa Street, 22nd Avenue from Geary Boulevard to Anza Street, and authorize the Utilities Engineering Bureau Manager to advertise for bids.
- e) Staff Recommendation: Ratify the Declaration of Emergency declared by the General Manager of Public Utilities on April 10, 2002, for the repair of the Southeast Community Center elevator (Contract No. CW-334).
- f) Staff Recommendation: Accept work performed for Contract No. WD-2358, Seismic Anchorage of Equipment at Crystal Springs Pump Station (CSPS), Pulgas Pump Station (PPS), and Polhemus Treatment Facility (PTF), and authorize final payment of \$16,369.90 to Valentine Corporation.
- g) Staff Recommendation: Approve the plans and specifications for Contract No. WD-2393, Seismic Upgrade of BDPL Nos. 1 and 2 at the Hayward Fault Crossing – Phase B, and authorize the Utilities Engineering Bureau Manager to advertise for bids.
- h) Staff Recommendation: Approve resolution recognizing the work and contributions of retired Commissioner Frank L. Cook.

REGULAR BUSINESS

11. Receive and discuss recommendations from the Blue Ribbon Advisory Committee regarding the R. W. Beck Independent Engineering and Financial Analysis of the proposed Capital Improvement Program and the Long Range Financial Plan. (Martel)

Staff Recommendation: For discussion purposes only.

12. Discussion and possible action related to Long-Term Strategic Plan, the Capital Improvement Program and the Long-Range Financial Plan. (Martel)

Staff Recommendation: Consider and approve the Long-Term Strategic Plan, the Capital Improvement Program, including Appendices, and the Long-Range Financial Plan.

13. Discussion and possible action related to a proposition for revenue bonds for the November 5, 2002 election. (Martel)

Staff Recommendation: Adopt resolution urging the Board of Supervisors to call and provide for a special election on November 5, 2002, for the purpose of submitting to San Francisco voters a proposition for the issuance of revenue bonds and/or other forms of revenue financing by the Public Utilities Commission in amounts not to exceed \$3,628,000,000 to finance the Capital Improvement Program, as approved by the Commission.

14. Discussion and possible action related to a rate ordinance increase in Clean Water Enterprise for the November 5, 2002 election. (Berry)

Staff Recommendation: Adopt the resolution urging the Board of Supervisors to call and provide for a special election on November 5, 2002, for the purpose of submitting to San Francisco voters an ordinance authorizing the Board of Supervisors and the Mayor to increase Clean Water Enterprise revenues by up to 12 percent.

15. Discussion and possible action related to fund allocation policy guidelines for MECA/HHWP projects. (Smeloff)

Staff Recommendation: Adopt policy guidelines for developing energy efficiency and renewable energy projects to be funded through the Mayor's Energy Conservation Account (MECA) and for reimbursement of MECA funds by the benefiting departments. Authorize the General Manager of Public Utilities to enter into MOUs consistent with MECA guidelines.

16. Discussion and possible action related to the Moscone Convention Center solar power plant. (Smeloff)

Staff Recommendation: Authorize the use of funds from the Mayor's Energy Conservation Account (MECA) to undertake the construction of a solar power plant and implement energy efficiency measures at the Moscone Convention Center. Authorize the General Manager of Public Utilities to enter into an MOU with the Convention Facilities Department that is consistent with the Commissioner's MECA policy guidelines. According to Treasury Regulations Section 1.150-2, the SFPUC must state its official intent to reimburse these MECA funds through the proceeds of indebtedness from the issuance of future solar bonds to reimburse all expenditures.

17. Discussion and possible action related to fund transfer from Water Supply and Treatment to salaries and fringe benefits. (Okereke)

Staff Recommendation: Approve fund transfer in the amount of \$523,800 for the Water Supply & Treatment Division to cover projected deficits in the Salaries and Mandatory Fringe Benefits for FY 2002.

18. Discussion and possible action related to budget transfer for Bureau of Commercial Land Management. (Dowd)

Staff Recommendation: Approve fund transfer in the amount of \$125,000 for the Bureau of Commercial Land Management to pay for services rendered by the City Attorney's Office and the San Francisco Real Estate Department.

LEASES AND PERMITS

19. Discussion and possible action related to lease with Steve Bustos for public parking lot. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco a lease with Steve Bustos for approximately 0.62 acres of San Francisco Public Utilities Commission land located on a portion of Parcels 35 and 36 of San Francisco County Lands and a portion of vacated Crescent Avenue, for the operation and maintenance of a public parking lot and open air sales.

20. Discussion and possible action related to lease with Santa Clara Sand and Gravel Co., Inc. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Third Amendment to Lease between the City and County of San Francisco and Santa Clara Sand and Gravel Co., Inc., for the operation of a quarry located on portion of Parcel 65 of Sunol and San Antonio Lands located in Sunol, California. This Third Lease Amendment will extend the term of the lease to June 30, 2005.

CONSTRUCTION CONTRACTS

Award

21. Discussion and possible action related to Contract No. WD-2387. (West)

Staff Recommendation: Approve fund transfer in the amount of \$3,980,000 from Project No. CUW628 - In City Reservoir Cleaning, to Project No CUW624 - Reservoir Roofs / Seismic Upgrade; award Contract No. WD-2387, Lombard Street Reservoir Replacement, in the amount of \$7,527,781, to Proven Management.

Amend

22. Discussion and possible action related to Contract No. HH-900. (West)

Staff Recommendation: Approve Modification No. 3 to Contract No. HH-900, San Joaquin Pipeline (SJPL) River Discharge Improvements for up to \$465,500 increasing the contract by \$465,500, for a total contract amount of \$1,100,212.28, and with a time extension of 252 days for a total contract duration of 402 days.

PROFESSIONAL SERVICE CONTRACTS

Award

23. Discussion and possible action related to Contract No. CS-695, an As-Needed Corrosion Protection Services contract. (Davis)

Staff Recommendation: Authorize the General Manager of Public Utilities to award Contract No. CS-695, an As-Needed Corrosion Protection Services contract, to ConCeCo Engineering, Inc. and V & A Consulting Engineers, Incorporated. These services will supplement Water Supply and Treatment Division (WS&TD) corrosion maintenance staff and provide corrosion maintenance services to the WS&TD infrastructure. The terms of the contract are for a period of three (3) years from the date of certification by the Controller and the amount not to exceed \$500,000.

Amend

24. Discussion and possible action related to Agreement No. CS-460. (West)

Staff Recommendation: Authorize the Utilities Engineering Bureau Manager to execute Amendment No. 10 to Agreement No. CS-460, Professional Services for the Development of a Total Utility Supervisory Control And Data Acquisition (SCADA) System, with Westin Engineering, Inc., increasing by \$172,905 the amount of compensation for a total contract amount of \$5,946,015, and extending the term by 365 calendar days to May 25, 2003 to accommodate a delay in the construction schedule and protracted contract closeout.

CLOSED SESSION

25. Public comments on matters to be discussed in Closed Session.
26. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS
THE FOLLOWING ITEMS:

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

28. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

29. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

30. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:
(Milstein/Dowd/Davis)

Property: 9 acres at the end of Sneath Lane in the northern part of the Peninsula Watershed

Parties Negotiating: City of Pacifica and Pacifica Land Trust
CCSF - Milstein/Dowd/Davis

Under Negotiation: Terms of sale

31. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: Theresa Day, Claim No. 02-00173

32. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: Ann G. Annett, Claim No. 02-02909

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

33. Announcement following Closed Session.
34. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

May 28, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT

SEP 12 2002

SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:34 P.M.
2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Ashok K. Bhatt, Commissioner Jeffrey A. Chen

3. Approval of Minutes

There were none submitted.

4. Communications

President Caen requested a condolence letter and flowers be sent to the family of Tiffany Hall.

5. Old/Ongoing Business by Commissioners

There was no discussion.

6. Introduction of New Business by Commissioners

There was no introduction of new business.

7. Report of the General Manager

a) APWA Award

Patricia E. Martel, General Manager of Public Utilities, proudly presented the 2002 Distinguished Project Award from the Northern California Chapter of the American Public Works Association for the Thomas Shaft Coronation Improvement Project. It provides a full emergency back up to the primary disinfection station at Tessler Portal and enables commitment to the California Department of Health Services to improve system reliability and redundancy. Led by Project Manager Leonard Swanson, it was completed in October 2001 at a cost of \$4.3 million. Ms. Martel congratulated Mr. Swanson, staff and the Commission's leadership on this project.

b) Update on A & B Bonds

Ms. Martel stated that due to receiving the consultant's report late, she is unable to present an update on the A & B bonds. A report card on the A&B bonds will be presented at the next scheduled Commission meeting on June 11, 2002.

c) Legislative Update

Ms. Martel reported on pending legislation in Sacramento: (1) State Senator Jackie Speier's legislation related to proposed funding on the Capital Improvement Program (CIP), SB 1870, has gone through the Senate committees and is currently being amended by SFPUC and Senator Speier. Ms. Martel attended the Senate Appropriations session last week and indicated negotiations with Senator Speier were nearly complete. It will be voted on the Senate floor within the next couple of weeks and will continue to the Assembly and be reviewed by their committees. SB 1870 may be resolved by July when proposed bond measures for San Francisco need to be finalized for the November 2002 ballot. If this legislation is approved, it could allow for a lower bond measure and could help facilitate the implementation of the CIP. (2) Assemblyman Lou Pappan's CIP-related legislation, AB 1823 and AB 2058, have been heard by Assembly committees. Ms. Martel voiced opposition to AB 1823 when it was recently heard in committee and offered to discuss the bill with Assemblyman Pappan. SFPUC have amendments to SB 1823. If Senator Pappan is amenable to our amendments, some common ground might be found for the bill and possibly on AB 1258. Discussions continue. Ms. Martel asked for questions.

President Caen requested the schedule for SB 1870. Ms. Martel agreed to send this.

8. Bay Area Water Users Association (BAWUA) General Manager's Report

Mr. Art Jensen, General Manager of BAWUA, thanked John Ummel for standing in for him. He commented the packet put out this week on the CIP, the Long-Term Strategic Plan, and the independent reviews were the best information he'd ever seen. He added to Ms. Martel's legislative update by clarifying BAWUA's objectives to the Commission: (1) ensure the system gets fixed, (2) assist in removing obstacles through the possibility of financing BAWUA's share with SB 1870 and AB 2058, and (3) allow BAWUA to organize itself in a way so that it can deal with its own issues without being a burden to the Commission. BAWUA is encouraged by the openness of the Commission, the General Manager, and the City in working on these bills and working directly with legislators. Mr. Jensen stated he thought good progress would be made with and good outcomes for all.

9. Public Comments on matters not on today's agenda.

There were none.

CONSENT CALENDAR

10. Moved by Vice President Normandy, seconded by Commissioner Bhatt, to adopt the items a-h listed under the Consent Calendar; passed (4-0) unanimously.

- a) Resolution No. 02-0093: Approve the rejection of all bids for Contract No. WP-15, Septic System Rehabilitation, and authorize the Hetch Hetchy Water and Power Acting Manager to re-advertise the contract as Contract No. WP-15R, Septic System Rehabilitation.
- b) Resolution No. 02-0094: Approve the plans and specifications for Contract No. CW-263, SEWPCP Interim Gravity Belt Thickener Facility; and authorize the Utilities Engineering Bureau Manager to advertise for bids.
- c) Resolution No. 02-0095: Approve the plans and specifications for Contract No. CW-324, 2nd Street at Various Locations, Sansome Street, and Davidson Avenue Sewer Cleaning, in Second Street, between Mission Street and Stevenson Street; in Stevenson Street, between Second Street and Ecker Street; in Ecker Street, between Stevenson Street and Market Street; in Sansome Street, between Pacific Avenue and Vallejo Street; in Sansome Street, between Sutter Street and Pine Street; and in Davidson Avenue, between Rankin Street and Phelps Street; authorize the Utilities Engineering Bureau Manager to advertise for bids.
- d) Resolution No. 02-0096: Approve the plans and specifications for Contract No. CW-304, 11th / 18th / 22nd Avenues Sewer Replacement to replace the existing sewers and manholes on 11th Avenue from Geary Boulevard to Anza Street, 18th Avenue from Geary Boulevard to Anza Street, 18th Avenue from Cabrillo Street to Balboa Street, 22nd Avenue from Geary Boulevard to Anza Street, and authorize the Utilities Engineering Bureau Manager to advertise for bids.
- e) Resolution No. 02-0097: Ratify the Declaration of Emergency declared by the General Manager of Public Utilities on April 10, 2002, for the repair of the Southeast Community Center elevator (Contract No. CW-334).
- f) Resolution No. 02-0098: Accept work performed for Contract No. WD-2358, Seismic Anchorage of Equipment at Crystal Springs Pump Station (CSPS), Pulgas Pump Station (PPS), and Polhemus Treatment Facility (PTF), and authorize final payment of \$16,369.90 to Valentine Corporation.

- g) Resolution No. 02-0099: Approve the plans and specifications for Contract No. WD-2393, Seismic Upgrade of BDPL Nos. 1 and 2 at the Hayward Fault Crossing – Phase B, and authorize the Utilities Engineering Bureau Manager to advertise for bids.
- h) Resolution No. 02-0100: Approve resolution recognizing the work and contributions of retired Commissioner Frank L. Cook.

REGULAR CALENDAR

- 11. Receive and discuss recommendations from the Blue Ribbon Advisory Committee regarding the R. W. Beck Independent Engineering and Financial Analysis of the proposed Capital Improvement Program (CIP) and the Long Range Financial Plan (LRFP).

Staff Recommendation: For discussion purposes only.

Ms. Martel introduced the Blue Ribbon Advisory Committee (BRAC) report. Under the leadership of Mr. Jim Chappell, President of San Francisco Planning and Urban Research (SPUR), the committee reviewed the findings of the independent engineering and financial analysis of the CIP and LRFP done by R.W. Beck. The purpose of BRAC's review was to provide the public with an independent analysis. The intent of their recommendations is to help utilize the Beck study and implement the CIP.

Mr. Chappell stated that SPUR was pleased to convene the BRAC as they have expertise in this area and in independent reviews. He commended Ms. Martel for having the courage to ask for an independent review of the CIP and then to convene BRAC for another independent review to verify the R.W. Beck report. Mr. Chappell vouched for the absolute independence of the BRAC review and its unbiased focus.

Mr. Chappell acknowledged the BRAC members as a group with hundreds of years of experience in the water business. Mr. Chappell stated he was a professional planner before becoming SPUR's president. The other members are: Margaret Bruce, Director of Environmental Programs for Silicon Valley Manufacturing Group; Dr. David Dowall, Professor of City and Regional Planning at UC Berkeley; Dennis Diemer, General Manager of East Bay Municipal Utility District; Jeanne Myerson, CEO of a corporation and is on the Board of Directors of San Francisco Chamber of Commerce; John Wise, Executive Director of Natural Heritage Institute; and Greg Zlotnick, Board of Directors of Santa Clara Valley Water District.

Mr. Chappell read from the report stating their mission statement was to bring together a variety of experts to examine the independent CIP review prepared by R.W. Beck and to evaluate whether the process undertaken by the consultant was comprehensive, rigorous and accurate. He reported that BRAC determined the R.W. Beck report is a very fine piece of work and their evaluation is comprehensive, rigorous and accurate. They judged Beck's conclusions and recommendations as sound and that the report should provide the Commissioners with the confidence needed to move forward with the CIP.

BRAC agreed with RW Beck that the engineering plan is excellent. They found the finances to be a moving target, but that this is fine. BRAC recommended structural reorganization within City government to allow Ms. Martel to do her job. BRAC cited the following issues: (1) Political meddling is a problem, specifically in recent times by the Board of Supervisors (BOS). For the public to have confidence in this program and to be able to carry out the program, SFPUC needs to be insulated from partisan, political grandstanding. (2) Hiring employees is troublesome. Pull SFPUC out of the Human Resources and Civil Service provisions of the City and reinstitute them in SFPUC's organization to hire fairly and expeditiously. (3) Purchasing and contracting functions within the City are confined by arcane and 19th century ways of doing business. A program of this scope needs forward moving management.

BRAC concluded the R.W. Beck study was valid and recommended moving ahead with the CIP. Mr. Chappell offered help on the part of SPUR, shared SPUR's website of www.SPUR.org and then availed himself for questions.

President Caen thanked Mr. Chappell for his time, expertise and for organizing the committee to review the report. She shared his sentiment that it was gutsy for Ms. Martel to get an independent study done and then set up the BRAC. She mentioned she saw Mr. Chappell's piece in the San Francisco Business Times, that it was very well done and the points were very important for SFPUC to review.

Vice President Normandy added his thanks and deep appreciation to Mr. Chappell and the BRAC, and to Supervisor Aaron Peskin, who was part of their team. He stated the expertise and the degree of authority brought to this exercise are vital in moving forward with a project of this scope, size and cost.

Commissioner Bhatt also thanked BRAC and especially Ms. Martel for bringing the issue up to the point where it is today with a set of recommendations to help in making a decision on this major issue.

Commissioner Chen thanked Mr. Chappell and BRAC members for their time, effort, and help. He stated the report gave him insight into what he should be looking at as a Commissioner and the points he should consider in making a determination on whether or not to approve the CIP. He inquired about three issues raised regarding how the program can be better implemented and asked

that if the program was approved today, would there be a problem if the three issues cannot be implemented during the time period as the program is being developed.

Mr. Chappell responded that the city government and public process is slow, which is appropriate, but that slowness does not mean not moving ahead. His recommendation was to approve the program today and also pass a companion measure that states it is the intent of the Commission to pursue any and all reforms that are necessary to assure the successful completion of the program. He felt waiting would not move the program ahead.

President Caen had several items to discuss and brought them up for the benefit of staff and the General Manager: (1) Uncertainties regarding cost estimates ranging from "plus or minus 30% or 50%," (2) Elaboration on the real cost/time control, and (3) ramped up staffing issues. Mr. Chappell stated that in terms of uncertainties, humans hate surprises and there has been a history of surprises in San Francisco bond measures. The reason for uncertainty is that most bonds go on the ballot with little preparation. This is not the case with the CIP. Ironically, the more work that is done, the more real uncertainties can be appreciated. Programs of rebuilding and retrofitting existing systems always have uncertainties. BRAC questioned R.W. Beck extensively on this matter and was satisfied with the level of certainty being as good as it is. This plan is far better than almost any bond measure that the voters of San Francisco have passed in years. A huge multi-billion dollar program will need a monthly, very up-to-date report made and audited by the City Controller.

In respect to staffing, Mr. Chappell stated the SFPUC, like other City departments, is an operating department with a staff hired and trained for the long-term to operate the system. The CIP is a-once-in-a-hundred-year occurrence and the program will require many more people working on and off during the 13 years. The CIP is different from smaller ongoing capital improvement programs and it is clear that it requires an outside program manager. BRAC concurred with R.W. Beck's suggestion that SFPUC keep its operating divisions intact and that a new CIP team be set up of both permanent employees and consultants. The team should operate in unison with the same business cards, memos, rules, etc., and in the same physical space. Ultimately, this would increase the skills of City employees and benefit everyone in the City.

President Caen commented that SPUR's recommendation on the Commission being policy-driven is something the SFPUC should really be focusing on. Mr. Chappell stated it is crucial to rise above making ad hoc decisions. An appropriate role for Commissioners and senior management would be decision-making at the policy level. He advised against micromanagement and to really study what is trying to be accomplished and what the goals and objectives are.

President Caen next requested staff come forth with suggestions on how hiring and contracting issues could be streamlined within the Commission and in the City Charter. She requested it be worked on in the next month with a report to the Commission allowing them to look at the issue and make changes.

Ms. Martel reported staff has already produced a series of recommendations regarding hiring and contracting practices at the request of BOS President Tom Ammiano. It was also done earlier in the year when SFPUC approached the Director of the Department of Human Resources (DHR) regarding engineering needs. Issues were identified that impeded hiring in a timely manner. That report can be provided now. Regarding contracting, SFPUC contract administration staff prepared suggestions on issues that could be expedited if the SFPUC were given some independence on contracting procedures. Board President Tom Ammiano has requested further investigation and discussion on these issues. He is holding public hearings on potential charter measures that will provide for SFPUC reform, which includes hiring and contracting.

Mr. Chappell publicly offered Ms. Martel the advisory services of SPUR and cited MUNI as an encouraging example of departmental change.

12. Discussion and possible action related to Long-Term Strategic Plan (LTSP), the Capital Improvement Program (CIP) and the Long-Range Financial Plan (LRFP).

Ms. Martel stated this is the long-awaited item on the proposed CIP and has been the number one priority the Commission has been weighing since January. The Commission requested public outreach and input on the CIP for consideration in their deliberations. Meetings were held in all supervisorial districts and documentation was compiled. The input highlighted several areas of concern: (1) The potential rate increases resulting from a bond measure to support the CIP, (2) Fund transfers from HHWP to the General Fund and the impact on SFPUC operations, (3) Wastewater treatment facilities, (4) The CIP's size and scope and consideration of downsizing the program, (5) SFPUC's accountability on bond measures, specifically Propositions A & B, and (6) The capability to deliver the CIP on time and within budget.

Meetings to present the CIP and solicit input were also held for stakeholders, community and civic organizations, and regional wholesale customers. There is broad public consensus on the need to make improvements to regional and local water systems, that they be safe and reliable, and be able to deliver water under emergency circumstances. There is not consensus from the residents, businesses, elected officials, or neighborhood/community organizations on issues related to wastewater treatment facilities; in particular, the Southeast and North Point facilities.

Lack of public consensus indicates ratepayers don't have confidence in the projects their billions of dollars would build and that more extensive study needs to

be done on the proposed capital program for the wastewater system. Ms. Martel recommended moving forward on a final action of the proposed CIP and remove the projects which address San Francisco's wastewater system. She clearly stated that with the recommendation for removing wastewater projects at this time, the Commission can provide her with direction on procedures for developing a comprehensive wastewater system master plan.

Ms. Martel asked for a broader scope of the wastewater system to include environmental justice issues. She stated previous detailed wastewater studies have been conducted and can be revisited in developing a comprehensive master plan. She advised reconstituting the Technical Review Committee and urged moving forward in a timely manner to prepare for community input, including an advisory committee of residents and interested parties along with consultants and staff to develop a master plan. The resulting master plan will be reviewed by the Commission.

Ms. Martel believes this kind of process will ensure broader community consensus in the development of a capital improvement program for the sewer system and would more likely get public support of a bond measure.

Ms. Martel requested consideration of the public input received, and that direction be given to incorporate comments or substantive areas deemed important for inclusion in the final CIP document, and to delete from the CIP the projects that relate to the sewer system. Approval of the resolution would authorize moving forward with the CIP and requesting BOS to consider a bond measure. Ms. Martel concluded her report and called for discussion or questions.

President Caen asked if incorporating public comment in the CIP should be considered at this juncture. She called for public comment.

Public Comments:

Mr. Art Jensen (BAWUA) commented: (1) It was a good process that got better and culminated in an excellent process. He congratulated the Commission and Ms. Martel. (2) The CIP is an excellent product. The documents hold and work together, address the issues, and are comprehensible. (3) BAWUA hopes that the document is adopted and offered his assistance in the implementation. Mr. Jensen urged the Commission to adopt the CIP and move forward. He expressed willingness to collaborate on recommendations from the Beck study and the LTSP.

Mr. Jeff Marmer, from The Alliance for a Clean Waterfront, commended Ms. Martel for listening to the public and setting up a new process. Their concerns relate to independent assessments of studies and options which address the criteria of environmental justice, sustainability, and cost-effectiveness. The Alliance will continue to have concerns until they see the next set of independent studies. They

look forward to participating in the process and would like to see taxpayer's money spent in accordance with their criteria on wastewater.

Jim Mathias, of the San Francisco Chamber of Commerce (SFCOC), stated their primary goal is to fix the City's water system and that is their public policy goal for 2002. The SFCOC established a Water Committee last year and they hold meetings monthly with guest speakers who educate the community on the issues. They do polling—their recent poll showed San Franciscans will support the CIP and that support for a bond rises through education. SFCOC supports the R.W. Beck study and BRAC, agreeing with the assessment that bond opposition stems from the need for SFPUC reform. SFCOC supports reform, the bond, and the CIP proposal.

Steve Lawrence, a City resident, stated there isn't unanimity concerning the CIP. He agrees with the Mayor's Infrastructure Task Force (MITF) that a much smaller program is prudent. Mr. Lawrence's concern was the ability to implement the CIP. He stated the Beck report appears to approve the CIP, but upon closer reading, the 20 recommendations make huge changes necessary for the program to work. Due to all the new information, he suggested allowing time for the MITF and public to digest how the program is really going to work in order to garner support. He stated taking action today would draw opposition on the bond.

President Caen turned to the Commissioners for their thoughts.

Vice President Normandy moved for approval of the resolution. He stated more homework has been done over more years on this program than any other in the City. SPUR and R.W. Beck have validated this as have other major entities. Vice President Normandy acknowledged staff's self-evaluation and self-analysis, Ms. Martel moving expeditiously on the program, and the efforts of the program management consultant. He thanked all the entities and consultants who helped in doing the homework and assisted in the process.

Commissioner Chen seconded the motion, commenting the plan is good and approved by R.W. Beck and BRAC. The issue now is implementation and whether or not SFPUC can or cannot implement the CIP. He felt it is important to move the item and work on utilizing Beck's and BRAC's recommendations. He also felt policy is an issue and depending on how SFPUC implements the CIP in the next 15 years, it could provide a blueprint to set policies. He felt the plan is a great example for developing policies on public outreach and receiving public input.

Commissioner Bhatt strongly supports the plan and voiced concern to move it forward now to lessen obstacles and hassles in the future. His concerns pertained to Assembly and Senate bills. Commissioner Bhatt thanked staff for their hard work and Ms. Martel for her leadership.

President Caen requested some additions into the resolution. Under Resolved, section 1, it should state "and that the Commission directs the General Manager to move forward to develop a comprehensive Clean Water Enterprise improvement master plan." Additionally, for clarification in section 4 where it says, "the LRFP is hereby approved," insert, "as changed to reflect the elimination of the Clean Water projects." Additionally, under section 5, the last sentence where it says, "which the General Manager," should say "General Manager and Commission may deem necessary or desirable." Furthermore in sections 6 and 7, the same thing "General Manager and Commission..."

Vice President Normandy requested amending his motion to include President Caen's suggested revisions to the text of the resolution. Commissioners Chen and Bhatt agreed.

Moved by Vice President Normandy, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously. The vote elicited applause.

Resolution No. 02-0101: Consider and approve the Long-Term Strategic Plan, the Capital Improvement Program, including Appendices, and the Long-Range Financial Plan.

13. Discussion and possible action related to a proposition for revenue bonds for the November 5, 2002 election.

Moved by President Caen, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously. The vote elicited applause.

Resolution No 02-0102: Adopt resolution urging the Board of Supervisors to call and provide for a special election on November 5, 2002, for the purpose of submitting to San Francisco voters a proposition for the issuance of revenue bonds and/or other forms of revenue financing by the Public Utilities Commission in amounts not to exceed \$3,628,000,000 to finance the Capital Improvement Program, as approved by the Commission.

14. Discussion and possible action related to a rate ordinance increase in Clean Water Enterprise (CWE) for the November 5, 2002 election.

Mr. Bill Berry, Assistant General Manager of Administration and Finance, gave a PowerPoint presentation on CWE's rate proposal. In 1998, voters approved Proposition H which froze water and sewer rates until 2006. There has been no increase since 1996. CWE is facing a financial emergency, despite their efforts which are holding Operation and Maintenance costs below inflation. A ballot measure to increase CWE rates by 12 percent is proposed. If the BOS and voters

approve the measure, customer sewer bills would increase by 12% effective January 1, 2003. If the rates are not increased, several things could result: (1) Default under contract with CWE bondholders. (2) Credit ratings for CWE will continue to deteriorate, making the eventual CWE part of the CIP more expensive to finance. (3) It would be necessary to defer maintenance (rather than increasing maintenance as proposed in the LTFP). Other options for consideration are: (1) Delay in rate increase will require larger increases. (2) Debt refinancing to generate savings. A series of charts were displayed to depict the financial situation and what 12% rate increases would be for residents, apartment buildings, hotels, offices, hospitals, etc. Approval on this item demonstrates action to put our financial situation in order.

President Caen asked if Mr. Berry foresees another raise in rates next year. Mr. Berry responded there will be no additional rate increase through the Proposition H period and that rates will need to be raised after that period.

President Caen stated she thinks the ratepayers have to be made very aware of why this is being done and that communication is important.

Moved by Commissioner Bhatt, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0103: Adopt the resolution urging the Board of Supervisors to call and provide for a special election on November 5, 2002, for the purpose of submitting to San Francisco voters an ordinance authorizing the Board of Supervisors and the Mayor to increase Clean Water Enterprise revenues by up to 12 percent.

The meeting was recessed at 3:21 P.M. and reconvened at 3:47 P.M.

15. Discussion and possible action related to fund allocation policy guidelines for MECA/HHWP projects.

Mr. Ed Smeloff, Assistant General Manager of Power Policy, Planning and Resource Development, presented an overview on the Mayor's Energy Conservation Account (MECA). The policy guidelines authorize: (1) the General Manager to establish criteria for evaluating and prioritizing energy efficiency and renewable energy projects funded by MECA, and (2) the General Manager to approve Memoranda of Understanding (MOU) with other City departments that define projects' scopes of work and reimbursement schedules.

The MECA program background includes: (1) \$15 million authorized for MECA from the HHWP budget in FY 2001-2002 for funding energy efficiency projects to assure electric energy reliability and to reduce operating costs of City departments and (2) \$10 million included in Mayor's budget for FY 2002-2003.

The current MECA projects are: (1) San Francisco General Lighting Retrofit - \$1,097,830, (2) Traffic Signal Retrofit with LEDs - \$2,935,000, (3) Department of Public Health Clinics - \$250,000, (4) Department of Parks and Recreations Lighting Retrofit - \$150,000, (5) Housing Authority Refrigerator Replacement - \$818,000, (6) Department of Parking and Traffic Lighting Retrofits - \$150,000, and (7) Moscone Convention Center Solar Project - \$7.2 million.

Criteria for prioritizing future MECA projects are: (1) Amount of energy savings, (2) Societal cost-effectiveness, (3) Timing to capture lost opportunities, (4) Analytical value to promote future projects, (5) Educational and demonstration value, (6) Leveraging of other resources of funds, (7) Coordination with renewable energy development, and (8) Opportunity for all City departments to participate.

Benefits of the action are: (1) Establishes clear procedures and criteria for prioritizing MECA projects, (2) Sets policy for replenishing MECA funds to provide for longer-term project development, (3) Provides for efficient implementation of projects through MOUs with other City departments and (4) Keeps Commission fully informed of projects in a timely manner.

Vice President Normandy asked about the wording of the resolution. He understood that the policy, if approved, will ask for replenishment of funds expended, and that the Commission directs the General Manager to work toward establishing the set of criteria for how that replenishment will occur as well as approval of certain MOUs. He was concerned the wording as provided does not do that.

Mr. Smeloff answered the wording would be to direct the General Manager to establish criteria which would be used in the selection of the projects and to enter into the MOUs which would set forward a repayment schedule so that the money is replenished by the participating departments. He said he would review it.

Vice President Normandy recommended removing any verbiage that says, "hereby establish a policy that," and then we continue to say establish criteria. He suggested, "the Commission directs establishment of criteria for replenishment of funds, etc." and not say "we're trying to determine a policy," because a policy is not defined in this resolution. Mr. Smeloff stated this made sense. Vice President Normandy stated he would second the amended version.

President Caen asked about reimbursements, wanting to know the range of time as MOUs are all different.

Mr. Smeloff answered they are trying to structure them so that participating departments don't see any net increase in their electric bills.

Moved by Commissioner Bhatt, seconded by Vice President Normandy to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0104: Adopt policy guidelines for developing energy efficiency and renewable energy projects to be funded through the Mayor's Energy Conservation Account (MECA) and for reimbursement of MECA funds by the benefiting departments. Authorize the General Manager of Public Utilities to enter into MOUs consistent with MECA guidelines.

16. Discussion and possible action related to the Moscone Convention Center solar power plant.

Mr. Smeloff stated this item follows the previous measure. The Moscone Convention Center Solar Project involves: (1) Authorizing the use of funds from MECA for construction of a solar power plant and implementation of energy efficiency measures at Moscone, (2) Stating the Commission's intent that the MECA funds be reimbursed through revenue bond proceeds from Proposition B & H, and (3) Authorizing the General Manager to enter into a MOU with the Convention Facilities Department (CFD) detailing payment schedules for repayment of the MECA funds.

The background on the project includes: (1) Competitively bid – seven proposals were evaluated, (2) Powerlight Solar Electric Systems from Berkeley was selected unanimously by independent review panel, (3) Recommendation to proceed with Powerlight was accepted by CFD, (4) Cost is \$4.1 million for solar electric power plant and \$3.1 million for energy efficiency measures, and (5) Project will result in no increase in the Moscone Center's electric bills over the life of the project.

The project description is: (1) Ballasted rooftop solar system designed to generate 688 kilowatts at peak, (2) Energy efficiency measure will save 6.6 million kilowatt hours annually, (3) MOU will result in payback of efficiency measure in 13 years and solar plant in 30 years, (4) Project includes real-time interactive display of power generation in Moscone lobby and (5) CFD will enter into design/build contract with Powerlight with project to be completed in 14 weeks.

The benefits of the project are: (1) Pollution free electricity, (2) High-profile demonstration of the integration of solar and energy efficiency in a municipal facility, (3) Begins the process of implementing Propositions B & H passed by the voters in November 2001, and (4) Model for cooperation between the SFPUC and other City departments.

Mr. Smeloff concluded his presentation and called on the CFD Director.

Mr. Jack Moersbacher, CFD Director, thanked the Commission and staff for their efforts on behalf of Moscone and the opportunity to work with them on this project. He shared that everyone at Moscone is enthusiastic and proud about generating clean power for the Center. He commended the Commission and General Manager for their accomplishments on the CIP.

President Caen asked why this Commission didn't approve the Powerlight proposal. Mr. Smeloff replied that in working with the Convention Center, it was felt that it would be in their interest to be the project manager and oversee the construction at their facilities. HHWP agreed to do the RFP, to select the winning company, and then turn it over to the Convention Center for the implementation. HHWP will pay for it. Moscone will pay back over the life of the measures through this MOU.

President Caen commented it is fine and makes sense, but if HHWP is paying and going out to bid, it is their project. Mr. Smeloff understood President Caen's viewpoint and stated in future projects, such as the Southeast Waste Water Treatment Facility, they will be working through the SFPUC.

Moved by Commissioner Bhatt, seconded by Commissioner Chen to adopt the following resolutions; passed (4-0) unanimously.

Resolution No. 02-0105:	Authorize the use of funds from the Mayor's Energy
Resolution No. 02-0106:	Conservation Account (MECA) to undertake the
	construction of a solar power plant and implement
	energy efficiency measures at the Moscone
	Convention Center. Authorize the General Manager of
	Public Utilities to enter into an MOU with the
	Convention Facilities Department that is consistent
	with the Commissioner's MECA policy guidelines.
	According to Treasury Regulations Section 1.150-2,
	the SFPUC must state its official intent to reimburse
	these MECA funds through the proceeds of
	indebtedness from the issuance of future solar bonds
	to reimburse all expenditures.

Commissioner Bhatt left the meeting at 4:06 P.M.

17. Discussion and possible action related to fund transfer from Water Supply and Treatment to salaries and fringe benefits.

Moved by Vice President Normandy, seconded by Commissioner Chen to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0107:	Approve fund transfer in the amount of \$523,800 for
	the Water Supply & Treatment Division to cover

projected deficits in the Salaries and Mandatory Fringe Benefits for FY 2002.

18. Discussion and possible action related to budget transfer for Bureau of Commercial Land Management.

Moved by Vice President Normandy, seconded by Commissioner Chen to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0108: Approve fund transfer in the amount of \$125,000 for the Bureau of Commercial Land Management to pay for services rendered by the City Attorney's Office and the San Francisco Real Estate Department.

LEASES AND PERMITS

19. Discussion and possible action related to lease with Steve Bustos for public parking lot.

Moved by Commissioner Chen, seconded by Vice President Normandy to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0109: Authorize the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco a lease with Steve Bustos for approximately 0.62 acres of San Francisco Public Utilities Commission land located on a portion of Parcels 35 and 36 of San Francisco County Lands and a portion of vacated Crescent Avenue, for the operation and maintenance of a public parking lot and open air sales.

20. Discussion and possible action related to lease with Santa Clara Sand and Gravel Co., Inc. (SCSG)

Mr. Gary Dowd, Manager of the Bureau of Commercial Land Management, explained this third amendment includes a 3-year extension, in which time a restudy of the Sunol Valley Quarry operations will be made. Approval is needed for increased depth at the site and possibly a larger hole. SCSG has agreed to pay \$100,000 for funding a hydrology study for this process. The study will be given to Alameda County. The quarry agreed to sell the City aggregate at reduced rates.

President Caen asked how this rate compares to other rates the SFPUC gets for sand and gravel and whether or not we are charged the cheapest rate when there

is a range of rates. In answer to the first part of the question, Mr. Dowd replied this is the highest rate SFPUC currently receives and rates are based on roughly 10.5% of the total sales price per ton. He stated that the SFPUC is charged the lowest rate.

President Caen stated the way the document reads, we don't know if we could get a better rate elsewhere. Mr. Dowd stated better rates could be sought, but that it would be left to staff to make that determination.

Moved by Commissioner Chen, seconded by Vice President Normandy to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0110: Authorize the General Manager of Public Utilities to execute a Third Amendment to Lease between the City and County of San Francisco and Santa Clara Sand and Gravel Co., Inc., for the operation of a quarry located on portion of Parcel 65 of Sunol and San Antonio Lands located in Sunol, California. This Third Lease Amendment will extend the term of the lease to June 30, 2005.

CONSTRUCTION CONTRACTS

Award

21. Discussion and possible action related to Contract No. WD-2387.

President Caen asked if this action was because of an emergency at the Lombard Street Reservoir. Mr. Ed West (Senior UEB Manager) answered this was correct.

Moved by Vice President Normandy, seconded by Commissioner Chen to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0111: Approve fund transfer in the amount of \$3,980,000 from Project No. CUW628 - In City Reservoir Cleaning, to Project No CUW624 - Reservoir Roofs / Seismic Upgrade; award Contract No. WD-2387, Lombard Street Reservoir Replacement, in the amount of \$7,527,781, to Proven Management.

Amend

22. Discussion and possible action related to Contract No. HH-900.

Moved by Commissioner Chen, seconded by Vice President Normandy to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0112: Approve Modification No. 3 to Contract No. HH-900, San Joaquin Pipeline (SJPL) River Discharge Improvements for up to \$465,500 increasing the contract by \$465,500, for a total contract amount of \$1,100,212.28, and with a time extension of 252 days for a total contract duration of 402 days.

PROFESSIONAL SERVICE CONTRACTS

Award

23. Discussion and possible action related to Contract No. CS-695, an As-Needed Corrosion Protection Services contract.

Moved by Vice President Normandy, seconded by Commissioner Chen to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0113: Authorize the General Manager of Public Utilities to award Contract No. CS-695, an As-Needed Corrosion Protection Services contract, to ConCeCo Engineering, Inc. and V & A Consulting Engineers, Incorporated. These services will supplement Water Supply and Treatment Division (WS&TD) corrosion maintenance staff and provide corrosion maintenance services to the WS&TD infrastructure. The terms of the contract are for a period of three (3) years from the date of certification by the Controller and the amount not to exceed \$500,000.

Amend

24. Discussion and possible action related to Agreement No. CS-460.

Public Comments:

Ms. Carole Cresci Colbert, President of Cresci Electric, read a letter she wrote to the Commission regarding the CCSF Water SCADA system project WD-2223 of which she is a prime contractor. She requested the Commission investigate the handling of the contract on their behalf and subcontractors, as much work has been completed and remains unpaid and the project is ongoing. Details were provided.

Mr. Larry Piepmeier, Vice President of Operations Manager of Cresci Electric, spoke on behalf of Cresci's situation detailing what he has done in the last 2 years

regarding the SCADA project. He asked the Commission to investigate why Cresci was not getting an extension of time and why they are being punished.

President Caen stated it was a lot of material to absorb at this time and suggested that they meet with the General Manager on this issue. Ms. Martel agreed with the President's direction and assured that her responses to Ms. Colbert's questions would be copied to the Commission.

Moved by Vice President Normandy, seconded by Commissioner Chen to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0114: Authorize the Utilities Engineering Bureau Manager to execute Amendment No. 10 to Agreement No. CS-460, Professional Services for the Development of a Total Utility Supervisory Control And Data Acquisition (SCADA) System, with Westin Engineering, Inc., increasing by \$172,905 the amount of compensation for a total contract amount of \$5,946,015, and extending the term by 365 calendar days to May 25, 2003 to accommodate a delay in the construction schedule and protracted contract closeout.

CLOSED SESSION

25. Public comments on matters to be discussed in Closed Session.

There were none.

26. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Chen, seconded by Vice President Normandy, to assert the attorney-client privilege; passed (3-0) unanimously.

The Public Utilities Commission met in Closed Session at 4:27 P.M. to discuss the following matters:

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

Nothing was discussed.

28. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

Nothing was discussed.

29. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

Nothing was discussed.

30. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein/Dowd/Davis)

Property: 9 acres at the end of Sneath Lane in the northern part of the Peninsula Watershed

Parties Negotiating: City of Pacifica and Pacifica Land Trust
CCSF - Milstein/Dowd/Davis

Under Negotiation: Terms of sale

Present were President Caen, Vice President Normandy, Commissioner Chen, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Water Supply & Treatment Manager Cheryl Davis, SFPUC Water Resources Manager Joe Naras, and Deputy City Attorney Joshua Milstein.

No action was taken.

Ms. Martel left at 4:33 P.M. and returned at 4:38 P.M.

31. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: Theresa Day, Claim No. 02-00173

Present were President Caen, Vice President Normandy, Commissioner Chen, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Moved by Vice President Normandy, seconded by Commissioner Chen, to adopt the following resolution; passed 3-0 unanimously.

Resolution No. 02-0115: Recommend a settlement in the case of Theresa Day, Claim No. 02-00173.

32. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: Ann G. Annett, Claim No. 02-02909

Present were President Caen, Vice President Normandy, Commissioner Chen, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Moved by Vice President Normandy, seconded by Commissioner Chen, to adopt the following resolution; passed 3-0 unanimously.

Resolution No. 02-0116: Recommend a settlement in the case of Ann G. Annett, Claim No. 02-02909.

Following the Closed Session, the Commission reconvened in open session at 4:42 P.M.

33. Announcement following Closed Session.

President Caen announced the actions taken during Closed Session.

34. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Vice President Normandy, seconded by Commissioner Chen, not to disclose the discussions during Closed Session; passed (3-0) unanimously.

Thereupon, the meeting was adjourned: 4:44 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

DOCUMENTS DEPT.

REGULAR MEETING

JUN - 6 2002

June 11, 2002
1:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest-accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of January 29, 2002 Special Meeting
 - b) Minutes of February 7, 2002 Special Meeting
 - c) Minutes of April 9, 2002 Regular Meeting
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Legislative Update – Federal (Owen)
 - b) Legislative Update – Local and State (Arena)
 - c) Status Report on A & B Projects (Kluesener)
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Accept work performed on Contract No. CW-283, Davidson Street Sewer Debris Removal, for a final contract amount of \$418,000, and authorize final payment of \$17,760 to Proven Management, Inc.
 - b) Staff Recommendation: Approve the plans and specifications for CW-330, Clean, De-root, Inspect, and Seal Easement Sewers Phase II at various locations throughout the City, and authorize the Utilities Engineering Bureau Manager to advertise, receive, and evaluate bids.
 - c) Staff Recommendation: Approve the plans and specifications for Contract No. WD-2383, 8-Inch Ductile Iron Main Installation in Jackson Street between Laguna Street and Hyde Street, and authorize the Utilities Engineering Bureau Manager to advertise, receive, and evaluate bids.

REGULAR BUSINESS

10. Discussion and possible action related to 2002 Series A and B Water Revenue Bonds.
(Berry)

Staff Recommendation: Approve the form of the Official Statements(s) for the issuance of \$164 million in Water Revenue Bonds, 2002 Series A and up to \$100 million in Water Revenue Bonds, 2002 Refunding Series B (the Bonds).

11. Discussion and possible action related to Hetch Hetchy Water & Power (HHWP) administering and performing renewable energy research and development projects through California Energy Commission's (CEC) Public Interest in Energy Research (PIER) program. (Weiner)

Staff Recommendation: Authorize the General Manager to execute a prime contract with the CEC for HHWP to administer and perform renewable energy research and development projects through the PIER program. This is a three-year contract for \$5,854,582, and is entitled "Public Renewables Partnership."

12. Discussion and possible action related to renewal of U.S. Geological Survey Joint Funding Agreements. (Naras)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute and renew Joint Funding Agreements with the U.S. Geological Survey in a cooperative program to construct, operate and maintain stream gauging stations on the Alameda Creek and Peninsula Watersheds in an amount not to exceed \$200,000 annually.

CONSTRUCTION CONTRACTS

Award

13. Discussion and possible action related to Contract No. WD-2367. (Quan)

Staff Recommendation: Award Contract No. WD-2367, Harry Tracy Water Treatment Plant Ozone System Improvements, in the amount of \$869,290, to Schram Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

14. Discussion and possible action related to Agreement No. CS-699. (Davis)

Staff Recommendation: Authorize the General Manager of Public Utilities to advertise and request proposals for Agreement No. CS-699 for As-Needed Operational Support Services for consulting services at an estimated cost of \$4,000,000 for a duration of three years. These consultant services will be related to planning, development, analysis, and technical assistance in the areas of water supply and treatment.

15. Discussion and possible action related to Agreement No. CS-702. (Hennessey)

Staff Recommendation: Authorize the General Manager of Public Utilities to advertise and request proposals for Agreement No. CS-702 for As-Needed Public Affairs and Communications Services, in an amount not to exceed \$3,525,000.

CLOSED SESSION

16. Public comments on matters to be discussed in Closed Session.
17. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

21. Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8: (Milstein)
- | | |
|----------------------|--|
| Property: | Sunol Valley Golf Course, Alameda County |
| Parties Negotiating: | City & County of San Francisco (Dowd/Lymburn)
Sunol Valley Golf Course (Richardson) |
| Under Negotiation: | Price/Terms |
22. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)
- | | |
|----------------------|--|
| Property: | Niles Reservoir, Fremont |
| Parties Negotiating: | City & County of San Francisco (Dowd/Lymburn)
City of Fremont |
| Under Negotiation: | Terms and Conditions of Sale |
23. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)
- | | |
|----------------------|--|
| Property: | (Old Muni Right of Way) corner of Chestnut and El Camino Real, South San Francisco |
| Parties Negotiating: | City & County of San Francisco (Dowd/Lymburn)
City of South San Francisco |
| Under Negotiation: | Terms and Conditions of Sale |
24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)
- | | |
|----------------------|--|
| Existing Litigation: | Rosamunda Ayala, Claim No. 01-W-0030-1 |
|----------------------|--|
25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)
- | | |
|----------------------|----------------------------------|
| Existing Litigation: | Alisha Blake, Claim No. 02-02322 |
|----------------------|----------------------------------|
26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)
- | | |
|----------------------|---------------------------------------|
| Existing Litigation: | Jean Ostrander, Claim No. 01-W-0058-8 |
|----------------------|---------------------------------------|

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

27. Announcement following Closed Session.
28. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

June 11, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey Chen

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



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ORDER OF BUSINESS:

1. Call to Order: 1:35 P.M.

2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Ashok K. Bhatt.
Commissioner Jeffrey A. Chen arrived after Roll Call.

3. Approval of Minutes

Moved by Vice President Normandy, seconded by Commissioner Bhatt, to adopt the Minutes of January 29, 2002 Special Commission Meeting, Minutes of February 7, 2002 Special Commission Meeting and April 9, 2002 Regular Commission Meeting; passed (3-0) unanimously.

Commissioner Chen arrived at 1:38 P.M.

4. Communications

No action taken.

5. Old/Ongoing Business by Commissioners

Vice President Normandy asked if there was a meeting scheduled in early July regarding the Lake Merced short-term stabilization plan. Ms. Patricia E. Martel, General Manager of Public Utilities, said this was correct and that this will be the subject matter of the meeting.

President Caen asked what type of clean up was being done regarding the Alameda Creek Fish Kill and if the river is restocked with fish. Ms. Martel stated there isn't an effort to replenish the fish and that she was not aware of any requirement of the Regional Board (RB) to replenish the fishstock. The work that is being done is internal to insure that the system's failures will not occur again in the future.

Vice President Normandy asked if the SFPUC was being assessed any penalties or if there were mitigations being requested by the Department of Health Services. Ms. Martel stated a staff-investigated report was submitted to the RB about what occurred. A detailed response plan was included to deal with similar accidents should they occur in the future. Nothing has been received from RB, but staff indicated in a report they sense a penalty is forthcoming as a result of this accident. Ms. Martel stated she would keep the Commission apprised.

Vice President Normandy stated he brought it up because a letter from Mr. Andrew DeGraca, Manager of the Water Quality Bureau, indicated it may have involved

contractor problems. He requested when there is information received about the penalties, that it be made known if the contractor will be sharing in the culpability and liability. Ms. Martel stated she would inform the Commission on the matter.

6. Introduction of New Business by Commissioners

Vice President Normandy asked about the name change for the San Francisco Water Alliance (SFWA) version two, and if it is in accordance with the contract. Ms. Martel stated that the Program Management Consultant (PMC) made the change from SFWA to Water Infrastructure Partners (WIP) to reflect a different partnership. She understood it met City contractual requirements. Ms. Martel requested a new name for the purpose of going to the Board of Supervisors (BOS) with a new group. Further refinement of the name may be made.

Vice President Normandy inquired about the Residential Users Advisory Board's requests for changing flow factor formulae. Ms. Martel stated she met with staff on this issue and gave them direction on addressing it. A letter will be sent to Mr. Lee informing him how SFPUC intends to proceed and what changes are anticipated as a result of his input.

7. Report of the General Manager

Ms. Martel announced three items not on the agenda: (1) Commissioner Bhatt and Cheryl Davis, Manager of Water Supply and Treatment Division, accepted an award on behalf of the SFPUC from the City of Milpitas. SFPUC provided a permit to Milpitas and partnered to create a neighborhood park. A plaque and certificate of appreciation were presented for the Albert Augustine Jr. Park Rehabilitation Project. (2) The Finance Committee met last week and inquired about WIP and their suitability to assume the contract from Bechtel. The Committee was unanimous on the item and sent their report with a request to the BOS to release the funds. Yesterday, the BOS took action and approved the first reading of the ordinance authorizing release of funds. With this action, the PMC can move forward on activities. (3) The Budget Committee of the BOS will be holding SFPUC budget hearings on June 20th and 27th.

a) Legislative Update – Federal

Mr. Darryl Owen, SFPUC's Washington Legislative Lobbyist, reported on developments since his last update: (1) The Energy & Natural Resources Committee in the Senate has reported out Senator Feinstein's bill to reauthorize the CALFED program. Senator Feinstein compromised ably in scaling its authorization back from 7-years to 3-years and from \$2.4 billion to \$1.6 billion. It is likely Senator Feinstein will get something like this through the Senate floor later this year, which is good for the State and this Commission. (2) The Senate passed a comprehensive energy bill after five weeks of contentious debate. There are definitional changes in the legislation, which would make activities through the

SFPUC subject to the jurisdiction of the Federal Energy Regulatory Commission; however, due to SFPUC's size and the nature of its activities, it is exempt. (3) The subjects of infrastructure and homeland security are prominent. The President's initiative to create the Office of Homeland Security has been revealed. This reorganization of government could provoke a reorganization of the House and Senate Committee structures because it is unclear to whom this new agency would report. Mr. Owen stated he has been discussing this issue with staff and what role staff would like to see this new Cabinet level department have in terms of water supply infrastructure security if it should become included in the agency. As the Homeland Security Initiative develops, consideration of the structure of the responsibility of SFPUC's high profile and exposed system should be taken. Mr. Owen called for questions.

President Caen asked if there has been a suggestion on how the water supply would be under the Office of Homeland Security. Mr. Owen responded that they haven't thought down to that level of detail yet. He thought SFPUC is well positioned to debate the issue if it is decided there will be someone in the new cabinet-level agency responsible for overseeing the protection of the water supply.

Vice President Normandy stated his appreciation for the quarterly updates in view of all the serious issues with security and federal oversight of water agencies. He voiced his concern about a high caliber "brain trust" that worked in the past with the Commission on water issues with the federal government. He asked if the team was still working. Mr. Owen answered it was his understanding that they are still available to the Commission. He is in contact with them, sees the brain trust as still present, and considers them a valuable asset. He thought less energy was being infused into it which could be due to the Commission's focus on the local level and the CIP.

Vice President Normandy replied he brought it up because the CIP has been decided on. He feels other business needs attention now such as protecting SFPUC interests at all levels. He requested the GM and staff report to the Commission on budgets pertaining to this team of experts and that it not be lost.

b) Legislative Update – Local and State

Ms. Suzanne Arena, Manager for Government Affairs, reported on State bills the SFPUC is supporting:

- (1) AB 117 (Migden) - Community Aggregation would allow municipalities to choose to become the default provider of electric supply for residents and businesses. The bill is being heard today in the Senate Energy Committee and Assistant General Manager of Power Policy Ed Smeloff is testifying on our behalf.
- (2) AB 2351 (Canciamilla) - Mandatory Minimum Penalties would make changes to the mandatory minimum penalty law for discharge permit violations and would

allow for some exceptions to the mandatory fines associated with permit violations. This bill has passed the Assembly and is awaiting assignment in the Senate.
(3) SB 1653 (Costa) - CALFED Governance would provide a balanced governance structure to oversee the CALFED program. The bill was approved on the Senate Floor and awaiting assignment in the Assembly.

State bills for which opposition has been taken are:

- (1) AB 1823 (Pappan) is objectionable even after amendments in that it would dictate a SFPUC repair program and would allow the Department of Health Services oversight into utility operations.
- (2) AB 2058 (Pappan) would provide for the formation of the Bay Area Water Supply and Conservation Agency by the public entities that purchase water from the City and would allow the agency to act like a water district in which they could acquire water rights, build reservoirs and facilities, do conservation and recycling activities, and issue revenue bonds.
- (3) SB 1870 (Speier) would form a Financing Authority and authorize that authority to issue revenue bonds to improve the reliability of the City's regional water system and would require the City to impose a surcharge on our wholesale customers. The Commission approved an oppose position on this bill several months ago. Since then, Senator Speier has accepted our amendments and a new resolution will be brought forth in a few weeks offering a support position on this bill.

Ms. Arena updated the Commission on the State Budget and the \$23.6 billion deficit to be addressed by June 15th. All programs will be affected. SFPUC could be directly impacted in the following areas: (1) \$20 million cuts to the CALFED program and (2) Waste discharge permit fees have increased from \$10,000 to \$25,000 per permit annually.

SFPUC continues to follow the legislature on certain interests: (1) fully protected species, (2) Consumer Confidence Reports, and (3) security. Ms. Arena concluded her report and offered to take questions regarding this year's legislation.

President Caen asked if the last day to amend a bill is August 23, 2002, and if amendments to SB 1870 might not happen until that date. Ms. Martel responded that the amendments SFPUC and CCSF submitted for Senator Speier's consideration have already been incorporated and that she accepted all the amendments. A resolution will be provided to the Commission to rescind objections or opposition to the bill; the same will be requested of the BOS. Ms. Martel communicated to Senator Speier that for the purposes of the BOS' consideration of a potential bond measure, the sooner SB 1870 is acted upon in the Assembly and transmitted to the Governor, the more helpful it will be for the BOS in determining the bond measure for the November ballot, in this case \$2 billion less.

Ms. Arena added that it is important that SFPUC's position change to one of support for SB 1870 to send a clear message to the legislature and the Governor that SB 1870 is the solution and not any other bill that is being considered.

Vice President Normandy asked if a resolution could be drafted to help the process along and if it could be done by the next meeting. Ms. Martel stated there should be something for the next meeting.

c) Status Report on A & B Projects

Ms. Martel stated this report was the culmination of questions brought forth by the Commission and the public regarding the status of the A & B projects funded by a \$304 million bond measure. Dr. John Kluesener and Ann Saha of SFWA put together the definitive report.

Dr. Kluesener summarized the Measure A&B Bond Projects Status Report. The basis for the report was an accounting department listing of the projects that had money assigned to them from either the A or B measure projects and whether or not the funding allotted had been spent. The basis was as of February 28, 2002. Data from the SFPUC finance system for current expenditures was utilized. Project controls reports prepared by UEB on the status of each project were reviewed. The project manager, project engineer, or resident engineer for each project was interviewed.

The report examined 51 projects that were assigned funding from Measure A and 25 projects assigned funding from Measure B. It looked at the Current Phase of each project and what the Monetary Forecast of Completion was for each. Graphs depicting the Budget and Actual Spent for A&B bond dollars from June 1999 forecasted out to June 2006 were displayed.

Dr. Kluesener stated many recommendations were pulled together from the study. There were 12 identified as corporate level SFPUC-wide recommendations with an overall agency perspective. There were seven identified as Measure A&B Project Recommendations that were the result of investigating each of the 76 projects.

All the A&B projects were tracked and looked at in detail in terms of how they were doing compared to what their expenditure rate was thought to be. In graph format, the progress was depicted from June 1999 to June 2006 and secondarily in detail from December 2000 to June 2002. The data revealed the Actual Work was above the Forecast on the A Bond Dollars, meaning projects were being completed ahead of schedule. The B Bond Dollars showed similarly that projects were being completed on Forecast. Mr. Kluesener suggested to continue tracking A&B projects against Forecast because it shows how projects will be completed by 2005. This information will help the public recognize that the SFPUC knows the status and completion of projects.

Vice President Normandy commended and thanked Dr. Kluesener for his expertise, vision, detail, and sensitivity on the report. He stated his appreciation for his role in SFWA. Pertaining to the report, he commented on the importance of three key items: physical percentages, completion, and performance factors. He requested that the recommendations made for system-wide implementation within the SFPUC be followed exactly. He concluded by saying the report validates what staff has reported to the Commission.

President Caen thanked Dr. Kluesener for his talented help and concern for this utility. She commented she was shocked by what the report shows and is surprised that SFPUC has been doing business the way it has. She was surprised by the way the project control system was done and how the soft cost accountabilities were handled. She asked Ms. Martel if other City agencies operate the way SFPUC does in terms of contracts and lack of accountability.

Ms. Martel shared the concern. The A&B report stemmed from the Commission's questioning on bonds and Ms. Martel's questioning the staff on the projects. The information was necessary for speaking to the public on SFPUC's track record. To answer President Caen, Ms. Martel responded that the SFPUC staff did not have the needed tools to do effective monitoring and this is validated in Dr. Kluesener's report. It was also noted by R.W. Beck that in order to effectively implement the CIP, staff will need the tools to provide effective monitoring to meet schedules, stay within budget, and to make regular reports to the Commission on the status of projects. Monitoring will need to be done on a monthly, quarterly, and annual basis for reports on bond status. All of this requires systems not in use by the SFPUC, but the plan is to implement the systems and train staff in their use. Staff will be required to produce reports regularly to ensure a high level of accountability and performance in delivering projects. Ms. Martel voiced confidence that Karen Kubick, CIP Manager, and the soon-to-be-filled Assistant General Manager for Infrastructure will ensure that these systems necessary for tracking and reporting on projects will become a way of life at the SFPUC.

President Caen was pleased to hear this response, stating the SFPUC has an excellent staff and if they are not given the tools to operate the way they should, it is impossible to come up with needed information when necessary.

Vice President Normandy stated, based on the example of this study, he would like to see the same done on the CIP for the physical percentages of completion and the performance factors as this is the kind of analysis the Commission can relate to. He stated, despite the staff not having systems and tools in place, a level of success has been achieved. He felt the performance factors are good on the A&B projects, and could be better with systems in place. He sees the problem is the implementation of the systems and that they will be crucial in the next 15 years.

President Caen inquired of Ms. Martel if there was a way to start a reporting system to the Commission about how these changes are going to be made and

what changes have been done. Ms Martel replied she appreciated this inquiry and that her plan is to take the R.W. Beck and A&B Report recommendations and create a matrix for the Commission about the recommendations for implementing those systems and procedures to ensure the internal capacity of the staff is being built to deal with the responsibilities of the proposed CIP. It is important to move in a direction that will increase the level of staff performance and to measure what is being done. Ms. Kubick is working on identifying the system that SFPUC will implement and it should be in place within the next several months. As progress is made in these areas and as the R.W. Beck and A&B recommendations are met, the Commission will continue to be apprised of their status.

8. Public Comments on matters not on today's agenda.

Mr. Emeric Kalman, City resident, expressed his serious concern on the validity of the cost estimates of the CIP projects and referred to the Beck report. He wanted to know how the SFPUC is going to address the Beck report and build the public's confidence for the CIP and the SFPUC's accountability. He also commented on some City departments being worse than SFPUC and that SFPUC has a long way to go in improving itself.

President Caen thanked Mr. Kalman for coming forward on the Beck report and suggested somebody discuss the report with him, asking Ms. Martel if this was possible. She commented remembering the report stating the estimates were good.

Ms. Martel affirmed someone could discuss the Beck report with Mr. Kalman. With respect to other City departments, she could not answer as she has concentrated on investigating SFPUC since her arrival. She understood that information systems are being implemented throughout the City, some departments already having technical systems in place that the SFPUC will be getting. The concern is to start implementing the systems to move forward on the CIP.

CONSENT CALENDAR

9. Moved by Vice President Normandy, seconded by Commissioner Bhatt, to adopt the items a-c listed under the Consent Calendar; passed (4-0) unanimously.

- a) Resolution No. 02-0017: Accept work performed on Contract No. CW-283, Davidson Street Sewer Debris Removal, for a final contract amount of \$418,000, and authorize final payment of \$17,760 to Proven Management, Inc.
- b) Resolution No. 02-0118: Approve the plans and specifications for CW-330, Clean, De-root, Inspect, and Seal Easement Sewers Phase II at various locations throughout the City,

and authorize the Utilities Engineering Bureau Manager to advertise, receive, and evaluate bids.

- c) Resolution No. 02-0119: Approve the plans and specifications for Contract No. WD-2383, 8-Inch Ductile Iron Main Installation in Jackson Street between Laguna Street and Hyde Street, and authorize the Utilities Engineering Bureau Manager to advertise, receive, and evaluate bids.

REGULAR CALENDAR

10. Discussion and possible action related to 2002 Series A and B Water Revenue Bonds.

Moved by Commissioner Chen, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0) unanimously.

- Resolution No. 02-0120: Approve the form of the Official Statements(s) for the issuance of \$164 million in Water Revenue Bonds, 2002 Series A and up to \$100 million in Water Revenue Bonds, 2002 Refunding Series B (the Bonds).

11. Discussion and possible action related to Hetch Hetchy Water & Power (HHWP) administering and performing renewable energy research and development projects through California Energy Commission's (CEC) Public Interest in Energy Research (PIER) program.

Mr. Fred Weiner, Director of Planning Development for HHWP, stated the CEC offered this contract to HHWP and SFPUC under its PIER program and it provides an opportunity for public utilities to promote renewable energy. The contract will allow SFPUC to participate in renewable energy research and development that will benefit the City and State. Renewables dominate nationally as a method to deal with the energy situation. HHWP's responsibility will be as the prime contractor to administer and oversee nine projects that will be handled by seven subcontractors.

President Caen asked why the Northern California Power Agency (NCPA) declined. Mr. Weiner responded that NCPA could not meet the financial requirements of the contract, but that SFPUC and HHWP could because of their large budget. NCPA doesn't have a large budget and can't take the risk of the contract. The CEC representative can provide more details.

Vice President Normandy asked about the program management on page 5 and about the track record of Center for Resource Solutions (CRS). Mr. Weiner stated

CRS has been supporting both renewable and other energy resource programs for many years and that the CRS Director was present and could provide direct detail.

Mr. Kirk Brown, CRS Director, stated CRS is a San Francisco nonprofit whose mission is to promote energy efficiency and renewable energy. CRS has a variety of programs that focus on those issues in California, nationally and internationally. The project management team includes a Project Director with over 20 years of renewable energy experience in California, and Executive Director Jan Hammerin, has been a leader in renewable energy issues in California for the past 25 years. CRS looks forward to carrying out the project seeing there is a role for renewables in California and that leadership from San Francisco on this issue is appropriate.

Vice President Normandy moved the item, but requested a change on the Resolution on the first Whereas from "are committed to diversify" to "diversity."

Moved by Vice President Normandy, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0121: Authorize the General Manager to execute a prime contract with the CEC for HHWP to administer and perform renewable energy research and development projects through the PIER program. This is a three-year contract for \$5,854,582, and is entitled "Public Renewables Partnership."

12. Discussion and possible action related to renewal of U.S. Geological Survey Joint Funding Agreements.

Moved by Commissioner Chen, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0122: Authorize the General Manager of Public Utilities to execute and renew Joint Funding Agreements with the U.S. Geological Survey in a cooperative program to construct, operate and maintain stream gauging stations on the Alameda Creek and Peninsula Watersheds in an amount not to exceed \$200,000 annually.

CONSTRUCTION CONTRACTS

Award

13. Discussion and possible action related to Contract No. WD-2367.

Moved by Vice President Normandy, seconded by Commissioner Chen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0123: Award Contract No. WD-2367, Harry Tracy Water Treatment Plant Ozone System Improvements, in the amount of \$869,290, to Schram Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

14. Discussion and possible action related to Agreement No. CS-699.

Moved by Commissioner Bhatt, seconded by Vice President Normandy, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-124: Authorize the General Manager of Public Utilities to advertise and request proposals for Agreement No. CS-699 for As-Needed Operational Support Services for consulting services at an estimated cost of \$4,000,000 for a duration of three years. These consultant services will be related to planning, development, analysis, and technical assistance in the areas of water supply and treatment.

15. Discussion and possible action related to Agreement No. CS-702.

Beverly Hennessey, Director of Communications, stated this RFP would allow for creating a pool of Public Relations contractors to meet the needs of the Public Affairs Department. The new contract would be beneficial for the SFPUC for the increased number of capital projects should the CIP be approved and for the complexity of the projects undertaken and the many stakeholders involved.

Commissioner Bhatt stated he strongly supports the issue because marketing and communications are the most important tool.

Vice President Normandy stated he is very supportive of the need for a coordinated communications group, but voiced concern about how this proposal was presented. He suggested continuing the item to provide further consultation with the Communications Group, the General Manager, and one or two Commissioners to look at the overall strategy and include it in this resolution. Vice President Normandy moved to continue the item to the next regularly scheduled meeting after the group has met to discuss the proposal.

Commissioner Chen seconded the motion to continue the item and offered to participate in meeting with everyone on the item.

Moved by Vice President Normandy, seconded by Commissioner Chen, to continue item #15 to the June 25, 2002 meeting; passed (4-0) unanimously.

Continued: Authorize the General Manager of Public Utilities to advertise and request proposals for Agreement No. CS-702 for As-Needed Public Affairs and Communications Services, in an amount not to exceed \$3,525,000.

Public Comments:

Mr. Emeric Kalman stated he had a problem with Item #15 and questioned why \$3.5 million was needed for public relations and advertising. He felt consultants were utilized to lie to the public and create fear. He suggested being more ethical and canceling the item rather than postponing it.

Vice President Normandy refuted Mr. Kalman's claim that consultants brought on board for communication purposes lie to and frighten people. He agreed it was a large amount of money and further detail and definition is needed to approve the item. President Caen supported Vice President Normandy's position.

CLOSED SESSION

16. Public comments on matters to be discussed in Closed Session.

There were none.

17. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Vice President Normandy, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 3:25 P.M. to discuss the following matters:

Commissioner Chen left at 3:30 P.M.

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

Nothing was discussed.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

Nothing was discussed.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

Nothing was discussed.

Closed Session was taken out of order in the following sequence: Items 24, 25, 26, 23, 22, 21.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: Rosamunda Ayala, Claim No. 01-W-0030-1

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Utilities General Counsel Vicki Clayton, and Commission Secretary Mary Jung.

Moved by Vice President Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0125: Recommend a settlement in the case of Rosamunda Ayala, Claim No. 01-W-0030-1.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: Alisha Blake, Claim No. 02-02322

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Utilities General Counsel Vicki Clayton, and Commission Secretary Mary Jung.

Moved by Vice President Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0126: Recommend a settlement in the case of Alisha Blake, Claim No. 02-02322.

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: Jean Ostrander, Claim No. 01-W-0058-8

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Utilities General Counsel Vicki Clayton, and Commission Secretary Mary Jung.

Moved by Vice President Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0127: Recommend a settlement in the case of Jean Ostrander, Claim No. 01-W-0058-8.

23. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Property: (Old Muni Right of Way) corner of Chestnut and El Camino Real, South San Francisco

Parties Negotiating: City & County of San Francisco (Dowd/Lymburn)
City of South San Francisco

Under Negotiation: Terms and Conditions of Sale

Present were President Caen, Vice President Normandy, Commissioner Bhatt, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, Commission Secretary Mary Y Jung, SFPUC Commercial Land Director Gary Dowd, Bruce Lymburn - Wendel, Rosen, Black and Dean Attorney's at Law, and Dean Macris – Subcontractor with Wendel, Rosen, Black, and Dean Attorney's at Law.

No action was taken.

22. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Property: Niles Reservoir, Fremont

Parties Negotiating: City & County of San Francisco (Dowd/Lymburn)
City of Fremont

Under Negotiation: Terms and Conditions of Sale

Present were President Caen, Vice President Normandy, Commissioner Bhatt, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, Commission Secretary Mary Y Jung, SFPUC Commercial Land Director Gary Dowd, Bruce Lymburn - Wendel, Rosen, Black and Dean Attorney's at Law, and Dean Macris – Subcontractor with Wendel, Rosen, Black, and Dean Attorney's at Law.

No action was taken.

21. Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8: (Milstein)

Property:	Sunol Valley Golf Course, Alameda County
Parties Negotiating:	City & County of San Francisco (Dowd/Lymburn) Sunol Valley Golf Course (Richardson)
Under Negotiation:	Price/Terms

Nothing was discussed.

Following the Closed Session, the Commission reconvened in open session at 3:51 P.M.

27. Announcement following Closed Session.

President Caen announced the actions taken during Closed Session.

28. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Vice President Normandy, seconded by Commissioner Bhatt, not to disclose the discussions during Closed Session; passed (3-0) unanimously.

Thereupon, the meeting was adjourned: 3:57 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

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AGENDA

JUL 5 2002

REGULAR MEETING

SAN FRANCISCO
PUBLIC LIBRARY

July 9, 2002

2:00 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of February 11, 2002 Special Meeting
 - b) Minutes of February 12, 2002 Special Meeting
 - c) Minutes of February 25, 2002 Special Meeting
 - d) Minutes of April 23, 2002 Regular Meeting
 - e) Minutes of May 7, 2002 Special Meeting
 - f) Minutes of May 14, 2002 Special Meeting
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Legislative Update (Martel)
 - b) Program Management Update (Martel)
 - c) Lake Merced Update (Carlin)
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Accept work performed for Contract No. CW-174, Howard, Minna, & 2nd Streets Sewer Replacement; approve Modification No. 1 (Final) increasing the contract by \$2,930.64, for a final contract amount of \$340,896.64, and with a time extension of 17 consecutive calendar days for a total contract duration of 71 consecutive calendar days; and authorize final payment of \$45,717.73 to Golden Pacific Construction, Inc.
 - b) Staff Recommendation: Accept work performed for Contract No. CW-278, Peters & Eugenia Avenues Sewer Replacement, approve Modification No. 1 (Final) decreasing the contract by \$18,896.00, for a final contract amount of \$176,558.00, and with a time extension of 11 consecutive calendar days, for a total contract duration of 88 consecutive calendar days; and authorize final payment of \$20,175.80 to J. Flores Construction Co., Inc.
 - c) Staff Recommendation: Accept work for Contract No. WD-2302, Francisco, Chestnut, and Lombard Streets 8-Inch Ductile Iron Main Installation; approve Modification No. 1 (Final) decreasing the contract by \$58,608, for a final contract amount of \$629,852, and authorize final payment of \$12,000 to J. Flores Construction Company, Inc.
 - d) Staff Recommendation: Approve the plans and specifications for Contract No. WD-2384, Greenwich Street and West Pacific Avenue 6 and 8-inch Ductile Iron Main Installation; and authorize the Utilities Engineering Bureau (UEB) Manager to advertise, receive and evaluate bids.

- e) Staff Recommendation: Accept work for Contract No. WD-2297, Morris, Harriet, and Other Streets 6 & 8-Inch Ductile Iron Main Installation; approve Modification No. 2 (Final) decreasing the contract by \$81,392, for a final contract amount of \$581,889; and authorize final payment of \$16,000, and release of retention, in the amount of \$27,258, to JMB Construction, Inc.
- f) Staff Recommendation: Approve the plans and specifications for Contract No. HH-906, Hetch Hetchy Road Maintenance and Rebuilding, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids.

REGULAR BUSINESS

10. Discussion and possible action related to funds transfers to cover expenditure overruns.
(Okereke)

Staff Recommendation: Authorize the General Manager of Public Utilities to request the Controller to approve funds transfers in the amount of \$783, 534 to cover expenditure overruns in the SFPUC operating budget for FY 2002.

LEASES AND PERMITS

11. Discussion and possible action related to lease with Paper Rush Company. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with Paper Rush Company for the use of approximately 5,000 square feet of land owned by the San Francisco Public Utilities Commission, located over a portion of sewer box right of way land in the City of San Francisco.

CONSTRUCTION CONTRACTS

Award

12. Discussion and possible action related to Contract No. HH-893. (Quan)

Staff Recommendation: Approve fund transfer in the amount of \$150,000, from Project No. CUH841 – Mountain Tunnel Repairs, to Project No. CUH934 - South Fork Bridge & Road Repairs, and approve Modification No. 1 to Contract No. HH-893, South

Fork Bridge & Road Repairs, increasing the contract by \$175,000, for a total contract amount of \$2,353,368, and with a time extension of 35 consecutive calendar days for a total contract duration of 275 consecutive calendar days.

PROFESSIONAL SERVICE CONTRACTS

Advertise

13. Discussion and possible action related to Agreement No. CS-701. (Quan)

Staff Recommendation: Authorize the Utilities Engineering Bureau Manager to advertise and request proposals for Agreement No. CS-701, Hetch Hetchy Microwave Replacement, receive proposals, conduct a competitive selection process to identify the best qualified consulting firm to assist SFPUC staff with the upgrade or replacement of the existing terrestrial microwave radio communication system for Hetch Hetchy facilities.

CLOSED SESSION

14. Public comments on matters to be discussed in Closed Session.
15. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

16. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Furman)
- Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.
17. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Furman)
- Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State
Water Resources Control Board.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c):
(Mueller)

Anticipated Litigation: As Plaintiff.
Regarding long-term power purchase contracts.

20. Threat to Public Services or Facilities (Government Code Section 54957): (Clayton)

Consultation with: Sheriff Michael Hennessey concerning security of SFPUC Water
and Power Systems.

21. Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8:
(Milstein)

Property: Sunol Valley Golf Course, Alameda County
Parties Negotiating: City & County of San Francisco (Dowd/Lymburn)
Sunol Valley Golf Course (Richardson)
Under Negotiation: Price/Terms

22. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:
(Milstein)

Property: Niles Reservoir, Fremont
Parties Negotiating: City & County of San Francisco (Dowd/Lymburn)
City of Fremont
Under Negotiation: Terms and Conditions of Sale

23. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:
(Milstein)

Property: (Old Muni Right of Way) corner of Chestnut and El Camino
Real, South San Francisco
Parties Negotiating: City & County of San Francisco (Dowd/Lymburn)
City of South San Francisco
Under Negotiation: Terms and Conditions of Sale

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: Soil Engineering Construction, Inc. v. CCSF
Alameda County Superior Court No. 823961-3

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: California Department of Forestry & Fire Protection,
Claim No. 02-01923

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: Chi Man Si-Tou/Farmers Insurance Co. vs. CCSF
Claim No. 02-03137

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL
RECONVENE IN PUBLIC SESSION.

26. Announcement following Closed Session.

27. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

July 9, 2002
2:00 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

DOCUMENTS DEPT.

SEP 19 2002

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ORDER OF BUSINESS:

1. Call to Order: 2:03 P.M.
2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Ashok K. Bhatt

Excused - Commissioner Jeffrey A. Chen

3. Approval of Minutes

Moved by Vice President Normandy, seconded by Commissioner Bhatt, to adopt the Minutes of the February 11, 2002 Special Meeting, February 12, 2002 Special Meeting, February 25, 2002 Special Meeting, April 23, 2002 Regular Meeting, May 7, 2002 Special Meeting, and May 14, 2002 Special Meeting; passed (3-0) unanimously.

4. Communications

No action taken.

5. Old/Ongoing Business by Commissioners

Commissioner Bhatt reported he attended the national conference of the American Water Works Association in New Orleans. He stated ten members connected with the SFPUC were in attendance and thanked General Manager Patricia E. Martel, Karen Kubick, and Cheryl Davis for supporting him as an attending Commissioner. He encouraged fellow Commissioners to attend meetings and conferences that are relevant to the Commission.

President Caen thanked Commissioner Bhatt for attending and for his encouragement. She asked him if there was written information on the conference that could be distributed to the Commission. Commissioner Bhatt stated the entire convention is on CD and he has a copy to provide to the Commission. He is awaiting exhibitors' materials that can be shared.

Vice President Normandy referred to the 7/9/02 Old/Ongoing Business chart to make several clarifications: (1) No. 2 "Lawsuits regarding cell phone usage" should be changed to "Policy regarding cell phone usage." The Board of Supervisors (BOS) is developing this and it is still in process. (2) No. 1 "Learning Center" has a report due 3/03. He requested an interim report be provided the Commission in 10/02. (3) During the 2/12/02 meeting, the possibility of hiring an in-house hydrologist was endorsed. He requested this remain on the reminder list and for the General Manager to report on this. (4) The directors of the Residential Users Advisory Board had requested working with staff on updating the formulae used for

determining residential flow factors. He asked when the General Manager would be reporting on this. (5) Letters from BOS members regarding the Balboa Reservoir were received. He requested that this be discussed today or at the next scheduled meeting.

6. Introduction of New Business by Commissioners

There was no new business introduced.

7. Report of the General Manager

a) Legislative Update

Patricia E. Martel, General Manager of Public Utilities, apprised the Commission on legislative measures pending in Sacramento and in the City & County of San Francisco.

State

No final action on SB 1870 (Senator Jackie Speier) or AB 1823 (Assemblyman Lou Pappan) will be taken until the legislature resumes from recess in August. SFPUC is moving forward on the water bond with the assumption that SB 1870 will be approved by the Assembly when they return. Senator Speier is confident the Assembly will support the legislation which would reduce the overall bond request of \$3.6 billion by \$2 billion.

AB 1823 is still continuing in the Senate and could very well be approved by them. SFPUC continues to oppose this legislation. Assemblyman Pappan and Senator John Burton have requested that SFPUC work with Bay Area Waters Users Association (BAWUA) to find some common ground as was done with SB 1870 and AB 2058. Both have been informed that Mayor Brown's firm position is that the BOS and Commission of SFPUC approved resolutions opposing this legislation as it could affect governance and other operations of the SFPUC. Negotiation appears unlikely and it is not expected our position will change.

City & County

Discussions with Supervisor Tom Ammiano about two charter amendments which potentially could effect the SFPUC have been underway for the last four weeks. Also underway is the City's review process with the Capital Improvement Advisory Committee (CIAC) on a bond measure. At yesterday's CIAC meeting, they agreed to forward our request for a \$1.6 billion water bond to the Finance Committee.

CIAC suggested providing some options for the Finance Committee regarding a bond measure. The local water program amounts to \$715 million. Of this amount, \$200-\$250 million could be considered as reconstruction and replacement (R&R)

projects. The BOS has authority to approve revenue bonds for R&R products to existing facilities. However, lowering the local water program dollar amount by \$200 million is not considered a huge decrease. The BOS could also use Charter Section 9107, allowing them to approve local water program revenue bonds, but this could only occur after 2006 when the SFPUC will be able to raise rates accordingly. Some projects will be delayed if revenue bonds are used in this manner because the projects can't be started until 2006.

Regardless of how bonds are issued, the rate increases are expected to be the same. The public is already aware of the amount needed to fix the water system. It would be disingenuous to give a figure lower than the \$1.6 billion because it could leave the public to believe that the rate increases will be lower.

The CIAC also discussed the possibility that there are some regional projects that fall under the R&R category. However, given that the projects are much more limited and because of the legislative constraints the SFPUC is working with under AB1823, the regional program should begin as soon as possible after the November election, provided a bond measure passes.

Charter Amendments

The Rules Committee is proposing two charter amendments which could affect the SFPUC. There have been many hearings and final amendments are being made tomorrow. The two charter amendments that affect us are:

1) The proposed water and sewer amendment would give the SFPUC the ability to issue revenue bonds for construction projects for the water and sewer system and provide rate setting authority. It would establish a rate review board that would hear appeals of potential rate increases and could make recommendations to the SFPUC relative to proposed rate increases in the future. It makes some changes to current personnel practices in PUC, including: (1) authorizing the General Managers position and Assistant General Managers positions to be subject to employment contracts, (2) increases the number of exempt positions at the SFPUC to 1.5% (provides an increase of about 25 exempt positions), (3) makes minor changes in hiring practices between the SFPUC, the Department of Human Resources (DHR), and the Civil Service Commission (CSC) to expedite the testing process and the hiring of staff, and (4) makes minor changes to contracting capability. Led by Supervisor Ammiano, this amendment has gone through many changes since its inception.

2) The proposed public power-related charter amendment that will be considered by the Rules Committee tomorrow will change the governance structure of the Commission to a total membership of seven Commissioners – three appointed by the Mayor, three appointed by the BOS, and one appointed by the Controller. Supervisor Matt Gonzalez is proposing an elected 11-member Commission. The remainder of this amendment allows the SFPUC to expand its responsibilities in

respect to public power. The original amendment did not include the ability of the SFPUC to acquire PG&E's facilities, but an amendment offered by Supervisor Gonzalez will incorporate this.

Throughout the meetings on the public power charter amendments, Mr. Ed Smeloff, Assistant General Manager for Power Policy, has been attending and providing information as needed. He made it clear to the BOS that the Mayor has not taken a position on this amendment and neither has the Commission. However, the SFPUC is in support of the water and sewer charter amendment.

Commissioner Bhatt stated he received a draft of the charter amendments anonymously and asked that it be provided to his fellow Commissioners. He felt some editing needed to be done on the document as it currently reads. Ms. Martel responded that she would make copies available today of the most current version and updates as they arise.

Vice President Normandy requested the Commission direct the General Manager to provide them with a timeline indicating what needs to be done by the Commission, what the deadlines are for certain actions, what the final dates are for moving ahead with the bond measure, and what the bond measure is going to be. He voiced concern on two points: (1) Commission related business taking place without direction from the Commission and the Commission needs to be consulted, and (2) Despite good intentions from outside forces, the Commission needs to articulate its position and policies on matters occurring and not let others supersede.

President Caen stated the Commission needs this type of information and take a stand on where they are and what their feelings are. Other people are coming up with other ideas, but the Commission needs to stand to the area and direction they agreed upon. The requested timeline would help the Commissioners know the direction things are going in. President Caen asked when the two charter amendments are going before the BOS.

Ms. Martel stated she was not certain of the date and that a timeline for hearings was provided to the Commission several months ago. Since that time, deadlines have been missed and the timeline has shifted. She deferred to the City Attorney to respond.

Ms. Vicki Clayton, Utilities General Counsel, stated it is not clear when the BOS' final actions will be. If the BOS changes the charter amendment at the committee meeting tomorrow, another meeting will be required. She stated that she can give basic timelines, but they are qualified by special meetings.

Ms. Martel stated that she has taken the direction of the Commission and stood on the direction as provided to her. Her priorities, as directed by the Commission, related to the water bond and she is asking for support of the \$1.6 billion in its

entirety. The charter amendments that have occurred have been the work of Board President Ammiano and have not been at her direction. The SFPUC has been present to serve as a resource as to how we currently operate, how we would potentially operate under certain changes that have been proposed, what would not work for us, and to basically serve as a resource for the author to be able to have a sense of what would or would not work and what would be helpful or not to the SFPUC. Staff has not been advocates one way or the other.

Vice President Normandy stated he appreciated the position and actions taken. He voiced concern about staff being a resource for outside influences regarding revisions, amendments, etc., and this giving solidity to those positions. His concern regarded an interim period passing with no special meetings with staff and the public present to review proposals and recommendations and take a position. He was concerned about the Commission's silence and how outside influences are determining matters. He stated a lack of communication on an ongoing basis marginalizes the Commission and this is objectionable.

Commissioner Bhatt stated he agreed with Vice President Normandy and feels that the responsibilities of the Commission are very important and should function as they are supposed to.

President Caen commented on Ms. Martel's mentioning that the Commission would support President Ammiano's water and sewer amendment, but that this had never come to the Commission. She said this didn't mean the Commission would not support it, but that it never had been raised to the Commission. Ms. Martel replied she was referring to the direction that she'd received from the Mayor on this issue and that his direction had been made to her specifically with respect to this particular charter amendment being the companion to the water bond.

President Caen reiterated Vice President Normandy's point that the Commission needs to be kept current. Meetings are needed to understand all of this and to hear it. She commented that it appears that the Commission does not exist.

Vice President Normandy stated that the Commission is responsible to the Mayor. He felt there is a distinction between the Commission making decisions about SFPUC operations and their responsibility to the Mayor, BOS, and citizens of San Francisco. He asked that the Commissioners, whether they are in agreement with all the other forces, be allowed to do their duty as sworn Commissioners and make decisions about SFPUC.

President Caen suggested moving on with the agenda.

b) Program Management Update

Ms. Martel reported a preliminary scope of work from the Water Infrastructure Partners (WIP) has been received. Staff reviewed it and made some changes to

the scope of work to tighten it up and make sure there are adequate deliverables between now and the end of the contract year in September when the BOS will be reviewing it. Meetings with WIP to discuss the issues were scheduled for this week. The contract will be finalized when WIP has made those final adjustments to the scope of work.

c) Lake Merced Update

Ms. Martel stated she was reporting on Lake Merced since Mr. Michael Carlin, Manager of the Bureau of Strategic and Systems Planning, was on vacation. On July 2, there was a meeting held at the SFPUC about Lake Merced and attempts to raise the lake level. This was a follow-up meeting to one initiated a few months ago by Vice President Normandy to discuss the various short-term and long-term actions that could be taken with Lake Merced. The issues raised were about introducing water in Lake Merced to raise the level as well as maintaining the current level.

Three short-term areas need to be addressed to introduce water into Lake Merced:

- (1) Complete environmental work. There was an expired environmental document that needed updating. No action can be taken until this is done.
- (2) Complete a wildlife study to identify potential impacts on wildlife. Consultant proposals have been received and hiring is expected within a month.
- (3) Discuss the addition of water in the overall proposed action plan.

There have been several communications recently that have identified the means by which we could potentially provide water to Lake Merced: (1) a hydrologist report that was reviewed at a May meeting and (2) an internal review done by staff of the Water Department about how much water might potentially be available and how it could be made available to Lake Merced. No specific actions can be taken until the environmental work is finalized. Mr. Carlin, representing Ms. Martel at the July 2 meeting, was asked to relay the following information: (1) the SFPUC is moving forward, (2) it is our plan to take every action that is available to us to introduce water in Lake Merced at the earliest possible time, and (3) this should be done without any negative environmental impact.

It was brought to Ms. Martel's attention that Mr. John Plummer from Friends of Lake Merced (FOLM) thought that senior staff left the impression that they are dragging their feet and are not interested in pursuing these actions. Ms. Martel wanted to clarify for the Commission that her decision is to move forward as quickly as possible and that staff is not in the position to make any decision contrary to this. The Commission will be advised if there are any changes to this plan and the Commission can provide direction as to what alternatives or options should be taken. FOLM also felt that staff had not explored deeply other sources of water that may be introduced into Lake Merced. While it appears that staff did not disagree with pursuing other options, Ms. Martel established her own action plan on following through with the exploration and viability of other options after

reading the notes from the meeting. Ms. Martel was also apprised that the Department of Recreation and Parks needed to review our habitat plan, but had not yet done this. She will also ensure that this is followed up and in conjunction with the consultants who will be working on identifying any potential environmental impacts on wildlife.

Recycled water was an area that was also discussed. Daly City provided a report on the implementation of their pilot project for storm water. The recycled water program and the storm water diversion project that Daly City is undertaking are both issues that the SFPUC and Daly City are working together on. While the SFPUC cannot control Daly City's actions, Daly City is making progress and the storm water diversion project will be operational this fall and if successful, the permanent project will be installed and become operational next year. The SFPUC will continue to work on the issue of recycled water as a potential for use in Lake Merced, but the SFPUC is still in negotiations with Daly City. It has been very clear to Ms. Martel that new direction has to take place in regard to Lake Merced and she wanted that message relayed in the July 2 meeting. It is Ms. Martel's intent to establish a liaison position between FOLM, the Lake Merced Task Force, and all of the environmental groups that are interested in Lake Merced. She will be providing the Commission with a report previously requested by Vice President Normandy about a hydrologist position. It is Ms. Martel's intent to infuse the SFPUC's efforts around Lake Merced with a new leader to bring about the change that the Commission and the community has demanded.

On Sunday, July 7th, an article appeared in the Chronicle about Lake Merced. It outlined information provided in a document that has been part of negotiations with Daly City and CalTrout. The article was related to the timeline for addressing the long-term lake level and gave the impression that the lake level would be raised in a couple of years. Research indicates it will take 7-12 years to raise the lake's level to everyone's expectation. Debate on whether available actions can expedite the process will continue as short-term actions begin. There is no definitive timeline yet, but the issue needs to move ahead. The article stated Ms. Martel had been contacted for comments. She had no knowledge of this, but would have stated what she has reported today. She stated the process behind the Lake Merced agreement has been positive, progress has been made on the Lake Merced issue, and that it is important to stay on track.

Vice President Normandy thanked Ms. Martel for the report. He stated at the June 11th meeting he requested an outline or an executive summary of the stabilization plan for Lake Merced and was promised it for the June 25th meeting (which was cancelled). He expressed disappointment that the Commission is still not in receipt of his request and that Mr. Carlin's June 27th memorandum did not suffice. He requested to the staff that a new team be set up to work on the Lake Merced issue. He felt there has been a lot of discussion about the issue but no action and that the lack of effort for Lake Merced was unacceptable. He strongly urged moving on the issue to preserve Lake Merced as a jewel of the City.

8. Public Comments on matters not on today's agenda.

Mr. Michael Talia, Regional Manager of Associated General Contractors of California, appeared to share some information about their relationship with SFPUC. Mr. Talia is responsible for public agency liaison committees that facilitate and enhance communication between the construction industry and public power. He commended Mike Quan, Boon Lim and Anna Wong (UEB) for organizing a public liaison committee and facilitating meetings. The committee is trying to bring more contractors into the SFPUC bidding pool and to do outreach with M/WBE contractors. They are working on developing a mentor protégé program.

President Caen thanked him for coming before the Commission and appreciated his good comments about UEB staff.

Mr. John Plummer, Friends of Lake Merced, thanked the Commission for sponsoring a resolution that the BOS passed and the Mayor signed recently to authorize the City to invest \$1 million into the recycled water plan of Daly City. He stated it was an important step and the community appreciated all the effort.

Mr. Tim Colen, Friends of Lake Merced, stated at the June 2 meeting they were trying to convey not just adding water to Lake Merced, but how to prevent the decline of the level even with normal rainfall. Short-term solutions are required. Adding "surplus" water should be done, but it is not a good long-term solution. He understood from the meeting that adding surplus water depended on next winter's rainfall, which was an inadequate base for the short-term solution. He suggested looking at alternative sources and solutions due to the urgency of the issue.

President Caen asked if Ms. Martel would comment on the surplus water.

Ms. Martel stated the issue of surplus water is not definitive and knew it had been discussed at the July 2 meeting. As part of the conjunctive use agreement with Daly City, there is a requirement that surplus water be provided to them to stop their groundwater pumping. This could jeopardize providing surplus water to Lake Merced. Not knowing how much Daly City will need and how much surplus there will be beyond Daly City's requirement makes this option uncertain. Ms. Martel commented the question is a legitimate one that needs to be answered in terms of whether there are other options. More information is required and a report will be made when it is available.

CONSENT CALENDAR

9. Moved by Vice President Normandy, seconded by Commissioner Bhatt, to adopt the items a-f listed under the Consent Calendar; passed (3-0) unanimously.

- a) Resolution No. 02-0128: Accept work performed for Contract No. CW-174, Howard, Minna, & 2nd Streets Sewer Replacement; approve Modification No. 1 (Final) increasing the contract by \$2,930.64, for a final contract amount of \$340,896.64, and with a time extension of 17 consecutive calendar days for a total contract duration of 71 consecutive calendar days; and authorize final payment of \$45,717.73 to Golden Pacific Construction, Inc.
- b) Resolution No. 02-0129: Accept work performed for Contract No. CW-278, Peters & Eugenia Avenues Sewer Replacement, approve Modification No. 1 (Final) decreasing the contract by \$18,896.00, for a final contract amount of \$176,558.00, and with a time extension of 11 consecutive calendar days, for a total contract duration of 88 consecutive calendar days; and authorize final payment of \$20,175.80 to J. Flores Construction Co., Inc.
- c) Resolution No. 02-0130: Accept work for Contract No. WD-2302, Francisco, Chestnut, and Lombard Streets 8-Inch Ductile Iron Main Installation; approve Modification No. 1 (Final) decreasing the contract by \$58,608, for a final contract amount of \$629,852, and authorize final payment of \$12,000 to J. Flores Construction Company, Inc.
- d) Resolution No. 02-0131: Approve the plans and specifications for Contract No. WD-2384, Greenwich Street and West Pacific Avenue 6 and 8-inch Ductile Iron Main Installation; and authorize the Utilities Engineering Bureau (UEB) Manager to advertise, receive and evaluate bids.
- e) Resolution No. 02-0132: Accept work for Contract No. WD-2297, Morris, Harriet, and Other Streets 6 & 8-Inch Ductile Iron Main Installation; approve Modification No. 2 (Final) decreasing the contract by \$81,392, for a final contract amount of \$581,889; and authorize final payment of \$16,000, and release of retention, in the amount of \$27,258, to JMB Construction, Inc.
- f) Resolution No. 02-0133: Approve the plans and specifications for Contract No. HH-906, Hetch Hetchy Road Maintenance and Rebuilding, and authorize the General Manager of

Public Utilities to advertise, receive and evaluate bids.

REGULAR BUSINESS

10. Discussion and possible action related to funds transfers to cover expenditure overruns.

Moved by Vice President Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0134: Authorize the General Manager of Public Utilities to request the Controller to approve funds transfers in the amount of \$783, 534 to cover expenditure overruns in the SFPUC operating budget for FY 2002.

LEASES AND PERMITS

11. Discussion and possible action related to lease with Paper Rush Company.

Moved by Vice President Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0135: Authorize the General Manager of Public Utilities to execute a lease with Paper Rush Company for the use of approximately 5,000 square feet of land owned by the San Francisco Public Utilities Commission, located over a portion of sewer box right of way land in the City of San Francisco.

CONSTRUCTION CONTRACTS

Award

12. Discussion and possible action related to Contract No. HH-893.

Mr. Michael Quan, Manager of UEB, stated this was a contract currently under construction consisting of replacement of a washed-out bridge and restoration of a washed-out roadway from the 1997 winter storms. During construction, it was noticed that the hillside above this particular area had a lot of loose rock. Rock scaling and removal was done for the safety of the workers performing the construction. It was determined a much larger area of rock needed to be dislodged and removed.

Vice President Normandy supported the resolution for the safety of personnel and the public. He commented that it seemed considerations being made as additions to the contract now should have been considered in the first place. Mr. Quan stated this was true. He further stated a federal reimbursement through FEMA is being sought.

Moved by Vice President Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-1036: Approve fund transfer in the amount of \$150,000, from Project No. CUH841 – Mountain Tunnel Repairs, to Project No. CUH934 - South Fork Bridge & Road Repairs, and approve Modification No. 1 to Contract No. HH-893, South Fork Bridge & Road Repairs, increasing the contract by \$175,000, for a total contract amount of \$2,353,368, and with a time extension of 35 consecutive calendar days for a total contract duration of 275 consecutive calendar days.

PROFESSIONAL SERVICE CONTRACTS

Advertise

13. Discussion and possible action related to Agreement No. CS-701.

Moved by Commissioner Bhatt, seconded by Vice President Normandy to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0137: Authorize the Utilities Engineering Bureau Manager to advertise and request proposals for Agreement No. CS-701, Hetch Hetchy Microwave Replacement, receive proposals, conduct a competitive selection process to identify the best qualified consulting firm to assist SFPUC staff with the upgrade or replacement of the existing terrestrial microwave radio communication system for Hetch Hetchy facilities.

CLOSED SESSION

14. Public comments on matters to be discussed in Closed Session.

There were none.

15. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Vice President Normandy, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (3-0) unanimously.

The Public Utilities Commission met in Closed Session at 3:30 P.M. to discuss the following matters:

16. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

Nothing was discussed.

17. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

Nothing was discussed.

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

Nothing was discussed.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c): (Mueller)

Anticipated Litigation: As Plaintiff.
Regarding long-term power purchase contracts.

Nothing was discussed.

20. Threat to Public Services or Facilities (Government Code Section 54957):

Consultation with: Sheriff Michael Hennessey concerning security of SFPUC Water and Power Systems.

Present were President Caen, Vice President Normandy, Commissioner Bhatt, SFPUC General Manager Martel, Utilities General Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Operations Assistant General Manager Larry Klein, Deputy Sheriff Wayne Hess, and Elizabeth Cantwell and Michael Smith from Lawrence Livermore National Laboratory.

There was no action.

21. Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8:

Property:	Sunol Valley Golf Course, Alameda County
Parties Negotiating:	City & County of San Francisco (Dowd/Lymburn) Sunol Valley Golf Course (Richardson)
Under Negotiation:	Price/Terms

Present were President Caen, Vice President Normandy, Commissioner Bhatt, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, Commission Secretary Mary Y Jung, SFPUC Commercial Land Director Gary Dowd, Bruce Lymburn - Wendel, Rosen, Black and Dean Attorney's at Law, and Dean Macris – Subcontractor with Wendel, Rosen, Black, and Dean Attorney's at Law.

There was no action.

22. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property:	Niles Reservoir, Fremont
Parties Negotiating:	City & County of San Francisco (Dowd/Lymburn) City of Fremont
Under Negotiation:	Terms and Conditions of Sale

Present were President Caen, Vice President Normandy, Commissioner Bhatt, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, Commission Secretary Mary Y Jung, SFPUC Commercial Land Director Gary Dowd, Bruce Lymburn - Wendel, Rosen, Black and Dean Attorney's at Law, and Dean Macris – Subcontractor with Wendel, Rosen, Black, and Dean Attorney's at Law.

There was no action.

23. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:
(Milstein)

Property: (Old Muni Right of Way) corner of Chestnut and El Camino Real, South San Francisco
Parties Negotiating: City & County of San Francisco (Dowd/Lymburn)
City of South San Francisco
Under Negotiation: Terms and Conditions of Sale

Present were President Caen, Vice President Normandy, Commissioner Bhatt, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, Commission Secretary Mary Y Jung, SFPUC Commercial Land Director Gary Dowd, Bruce Lymburn - Wendel, Rosen, Black and Dean Attorney's at Law, and Dean Macris – Subcontractor with Wendel, Rosen, Black, and Dean Attorney's at Law.

There was no action.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Soil Engineering Construction, Inc. v. CCSF
Alameda County Superior Court No. 823961-3

Present were President Caen, Vice President Normandy, Commissioner Bhatt, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, and Commission Secretary Mary Y Jung,

Moved by Vice President Normandy, seconded by Commissioner Bhatt, to adopt the following resolution; passed 3-0 unanimously.

Resolution No. 02-0138 Recommend a settlement in the case of Soil Engineering Construction, Inc. v. CCSF Alameda County Superior Court No. 823961-3

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: California Department of Forestry & Fire Protection, Claim No. 02-01923

Present were President Caen, Vice President Normandy, Commissioner Bhatt, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, and Commission Secretary Mary Y Jung.

Resolution No. 02-0139 Recommend settlement in the case of California Department of Forestry & Fire Protection, Claim No. 02-01923

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Chi Man Si-Tou/Farmers Insurance Co. vs. CCSF
Claim No. 02-03137

Present were President Caen, Vice President Normandy, Commissioner Bhatt, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, and Commission Secretary Mary Y Jung.

Moved by Vice President Normandy, seconded by Commissioner Bhatt, to adopt the following resolution; passed 3-0 unanimously.

Resolution No. 02-0140 Recommend a settlement in the case of Chi Man Si-Tou/Farmers Insurance Co. vs. CCSF Claim No. 02-03137

Following the Closed Session, the Commission reconvened in open session at 4:45 P.M.

27. Announcement following Closed Session.

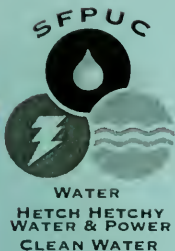
President Caen announced the actions taken during Closed Session.

28. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Vice President Normandy, seconded by Commissioner Bhatt, not to disclose the discussions during Closed Session; passed (3-0) unanimously.

Thereupon, the meeting was adjourned: 4:46 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

July 23, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



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Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) February 26, 2002 Regular Meeting
 - b) May 14, 2002 Regular Meeting
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Balboa Reservoir Project (Martel)
 - b) Legislative Update (Martel)
8. Bay Area Water Users Association (BAWUA) General Manager's Report
 - a) Opportunities for Future Collaboration (Jensen)
9. Public Comments

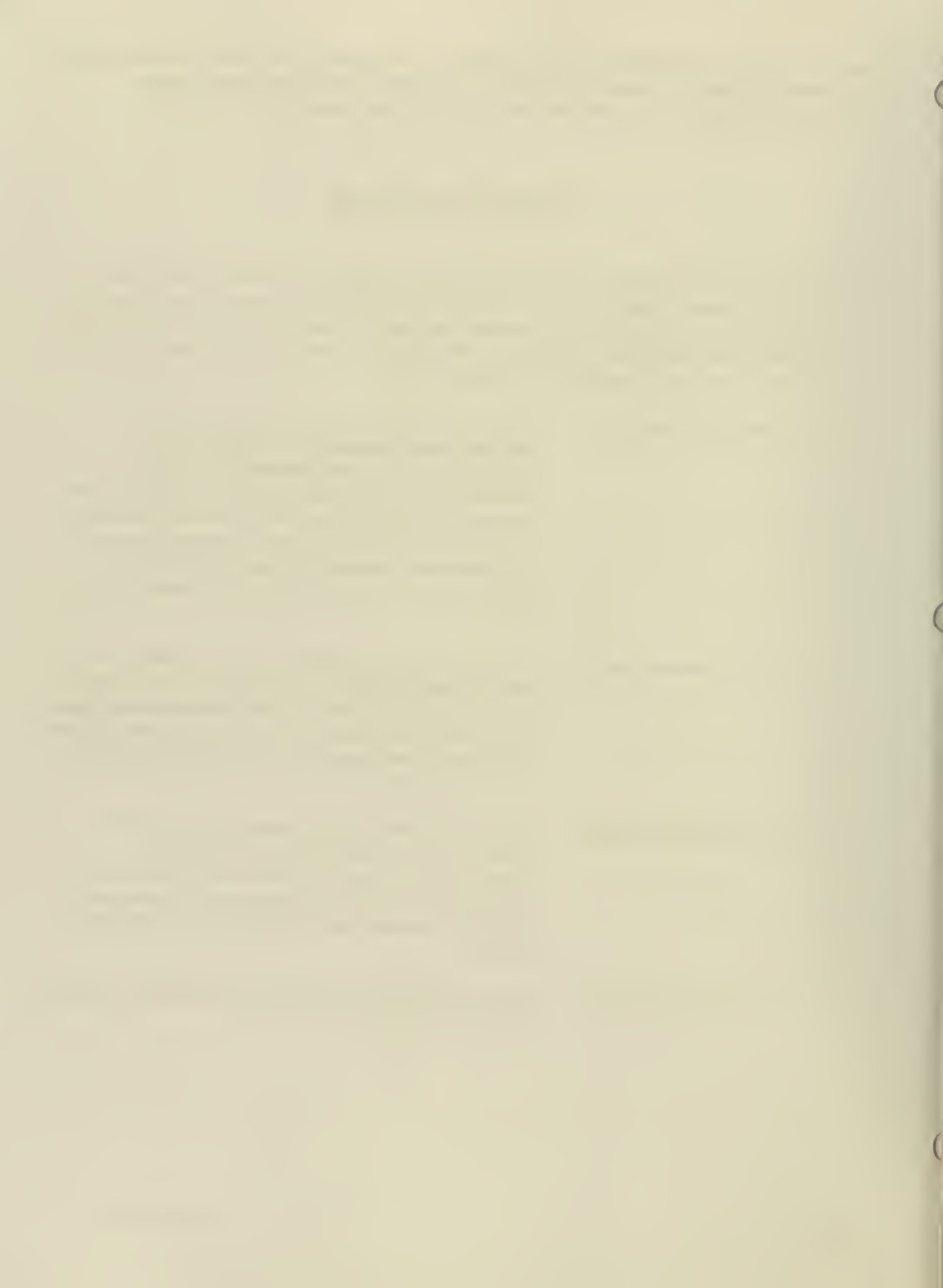
Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - a) Staff Recommendation: Accept work performed for Contract No. CW-244, Oak/McAllister/Folsom/Mission Streets Sewer Replacement, approve Modification No. 2 (Final) decreasing the contract by \$63,967.95 for a final contract amount of \$685,866.55 (and with a time extension of 43 consecutive calendar days for a total contract duration of 127 consecutive calendar days), and authorize final payment, in the amount of \$70,386.65, to Shaw Pipeline, Inc.
 - b) Staff Recommendation: Accept work performed for Contract No. CW-254, 26th Street/Folsom Street/Precita Avenue Sewer Replacement, approve Modification No. 1 (Final) decreasing the contract by \$27,866.76, for a final contract amount of \$661,673.24, and authorize final payment, in the amount of \$66,167.32, to Harty Pipelines, Inc.
 - c) Staff Recommendation: Accept work performed for Contract No. WD-2294, Alameda Creek Diversion Dam – Erosion and Miscellaneous Repairs, for a final contract amount of \$446,404, and authorize final payment, in the amount of \$19,069, to Gordon Ball, Inc./Mendelian Construction, Inc., J.V.
 - d) Staff Recommendation: Approve resolution recognizing the work and contributions of Steven D. Leonard.



REGULAR BUSINESS

11. Discussion and possible action related to an exemption in the Administrative Code bidding process requirements. (Klein)

Staff Recommendation: Authorize the General Manager of Public Utilities to request from the Board of Supervisors an exemption to the San Francisco Administrative Code Chapter 6 bidding process requirements, to permit an expedited procurement of the equipment and services required to replace and repair damaged components in both of the Holm Powerhouse turbine generators, and a fund transfer in the amount of \$700,000 for said repairs.

CONSTRUCTION CONTRACTS

Amend

12. Discussion and possible action related to Contract No. WD-2348. (Quan)

Staff Recommendation: Approve Modification No. 1 to Contract No. WD-2348, Seismic Anchorage of Equipment at Harry Tracy Water Treatment Plant, with no increase to the original contract amount of \$898,000, and with a time extension of 70 days for a total contract duration of 220 days; and authorize final payment, in the amount of \$43,200, to Proven Management, Inc.

PROFESSIONAL SERVICE CONTRACTS

Award

13. Discussion and possible action related to Agreement No. CS-672 C. (Carlin)

Staff Recommendation: Authorize the General Manager of Public Utilities to negotiate and execute Agreement No. CS-672 C, the Lake Merced Raised Water Level Assessment and Environmental Review Project (the Lake Merced Project), to EDAW Inc. The services under this agreement shall be provided for a total budgeted amount not to exceed \$296,000 and a term of twelve (12) months.

CHAPTER I

THE first object of this work is to show that the principles of geometry are not self-evident, but are derived from experience.

It is true that the principles of geometry are not self-evident, but they are derived from experience. The principles of geometry are not self-evident, but they are derived from experience. The principles of geometry are not self-evident, but they are derived from experience. The principles of geometry are not self-evident, but they are derived from experience. The principles of geometry are not self-evident, but they are derived from experience.

CHAPTER II

THE second object of this work is to show that the principles of geometry are not self-evident, but are derived from experience.

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CHAPTER III

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Advertise

14. Discussion and possible action related to water and sewer rate study. (Okereke)

Staff Recommendation: Authorize the General Manager of Public Utilities to advertise a Request for Proposals (RFP) to perform a water and sewer rate study at an estimated cost of \$200,000 for a maximum duration of one (1) year.

CLOSED SESSION

15. Public comments on matters to be discussed in Closed Session.
16. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

17. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c):
(Mueller)

Anticipated Litigation: As Plaintiff.
Regarding long-term power purchase contracts.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: Gary M. Williams/USAA Insurance,
Claim No. 02-01997

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL
RECONVENE IN PUBLIC SESSION.

22. Announcement following Closed Session.

23. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

July 23, 2002
1:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

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ORDER OF BUSINESS:

1. Call to Order: 1:40 P.M.
2. Roll Call: Present - President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Ashok K. Bhatt, Commissioner Jeffrey A. Chen, Commissioner Robert J. Costello

President Caen introduced and welcomed Mr. Costello, the new SFPUC Commissioner.

3. Approval of Minutes

Moved by Vice President Normandy, seconded by Commissioner Bhatt, to adopt the Minutes of the February 26, 2002 Regular Meeting and May 14, 2002 Regular Meeting; passed (5-0) unanimously.

4. Communications

No action was taken.

5. Old/Ongoing Business by Commissioners

President Caen asked if there would be a report regarding the Board of Supervisors (BOS) meeting last night and asked about the status of the FY 2001-2002 capital projects report she had previously asked for. Ms. Patricia E. Martel, General Manager of Public Utilities, replied that there would be a meeting and the report would be coming shortly, pending arrival of data from the Controller's Office.

6. Introduction of New Business by Commissioners

There was no new business introduced.

7. Report of the General Manager

b) Legislative Update

Ms. Martel gave a detailed account of SFPUC matters that came before the BOS recently. She started with the SFPUC budget for FY 2002-2003 and explained that the budget went before the BOS and a number of cuts were made. Ms. Martel was able to negotiate on some of the cuts; however, the BOS cut the Risk Management Program (RMP) and the resulting staff position that had been approved by the Commission. After several discussions that Ms. Martel had with individual members of the BOS, those Supervisors agreed to support the RMP when the final budget comes before the Board. The SFPUC was also asked to contribute \$25,000

towards an arborist position in the Department of Environment. Supervisor Aaron Peskin assured Ms. Martel that this was a one-time expenditure.

The BOS also discussed the public power charter amendment yesterday. There were two different amendments. Supervisor Matt Gonzalez's amendment expanded the role of the SFPUC in the area of public power by allowing the acquisition of PG&E's power grid or distribution system and called for an elected 11-member Commission. Board President Tom Ammiano's amendment requested an appointed seven member Commission (three appointments each from the Mayor and BOS and one from the Controller) also allowed the SFPUC to implement a public power strategy with PG&E. There was compromise with the Board passing the amendment to include Board President Ammiano's language for an appointed Commission and Supervisor Gonzalez's language on public power and acquisition of PG&E's power grid.

Board President Ammiano also proposed a charter amendment related to the water and sewer system that would allow the SFPUC to issue revenue bonds without going before the voters and allow the SFPUC to establish rates for water and wastewater services. It also establishes a rate review board composed of appointees from the Controller, the Finance Director, and the City Treasurer and a separate citizen's advisory committee for the Capital Improvement Program (CIP). This charter amendment provides for a contract for the General Manager and the Assistant General Manager of Infrastructure and for a number of new exempt positions (increase of about 20 positions).

Both charter amendments passed with an 8-3 vote.

Ms. Martel reported that Supervisor Tony Hall brought forth a charter amendment to require specific qualifications for future appointees to the SFPUC. This was defeated 3-8.

The last discussion for the SFPUC was about the \$1.6 billion revenue bond. Most Board members spoke favorably about the CIP proposal and they voted to approve the revenue bond measure 8-3.

Commissioner Bhatt asked about the status on the state level for the \$2 billion bond. Ms. Martel answered that State Senator Jackie Speier feels confident that SB 1870 will be approved by the Assembly and that Governor Gray Davis will sign it. The SFPUC is still opposing AB 1823. Negotiations for compromise on this bill have been fruitless, with Assemblyman Lou Pappan rejecting all of our suggested amendments. There is a fundamental disagreement about governance of the water system and it is the SFPUC's position that this bill must provide us with assurance that there is no intent to take over our water system or interfere with our CIP.

Commissioner Bhatt asked if there was any duplication between the two bills in the State Legislature. Ms. Martel answered that that both bills take different approaches to the water system. State Senator Speier's legislation is a financing mechanism that will allow wholesale customers to issue revenue bonds to pay for their share of the CIP. Assemblyman Pappan's bill establishes timelines with deadlines, specific projects, and allows the State to step in if certain timelines and milestones are not met. It allows the wholesale customers the right to sue if certain projects are not completed. The BOS, the Mayor, and the Commission continue to oppose this legislation.

President Caen asked about the pass-through in the water bond put forth by Board President Ammiano. Ms. Martel answered that the bond carries a 50% pass through -50% by the building owners and 50% by the tenants. Originally, the building owners asked for a 100% pass through and the tenants did not want to share in any of the cost. Neither side is happy with this and it remains to be seen how this will affect the outcome of the election. Public education on this will have to be done over the next three and a half months

President Caen thanked Ms. Martel for her excellent work in bringing the CIP to the BOS and to the voters. Vice President Normandy also thanked Ms. Suzanne Arena and other members of staff for their hard work on these ballot measures.

a) Balboa Reservoir Project

Ms. Martel began this report with a brief history of this project. Prior to her arrival at the SFPUC, the Commission had directed the General Manager to move forward to execute an MOU between the SFPUC and the City & County of San Francisco (CCSF) to transfer property where the SFPUC had proposed the completion of the Balboa Reservoir. As Ms. Martel waited for the MOU, Supervisor Gerardo Sandoval asked Ms. Martel to meet with Chancellor Phillip Day from City College to discuss the MOU. At this meeting, Supervisor Sandoval raised some concerns from neighborhood groups who were interested in some of the development that is part of City College's Master Plan. Ms. Martel stated that these concerns are not related to the SFPUC and are really related to City College. Several meetings have been requested by the Supervisor with the Planning Director, Chancellor Day, MUNI General Manager Michael Burns and Ms. Martel in attendance, to discuss development of the City College Master Plan and the Phelan Loop. The SFPUC is only transferring the property and has agreed to some preplanning funding of the reservoir site and a capital project to begin around 2013.

Subsequently, Supervisor Sandoval made his own amendments to the SFPUC MOU and asked if Ms. Martel was in agreement with them. Ms. Martel answered that the Commissioners are the policymakers and the MOU was already approved, with directions to execute it. Changes could only occur if City College and the Commission agree to them. Ms. Martel also met with Supervisor Hall, who had met with Chancellor Day, Mr. Burns, and Community College Board Member Natalie

Berg. None of them were aware of Supervisor Sandoval's amendments and Supervisor Hall (in whose district City College resides) was supportive of the SFPUC MOU. The two letters that the Commissioners recently received from each of the two Supervisors deal with the back and forth on these amendments. Supervisor Hall sent a letter to his fellow Board members outlining Supervisor Sandoval's work on this issue and disagreed with the changes being requested and the way the situation was handled. The Mayor was also asked about this by Chancellor Day. Ms. Martel has assured the Mayor that staff is being as cooperative as possible in providing information and that the Commission's directions are being followed.

8. Bay Area Water Users Association (BAWUA) General Manager's Report

a) Opportunities for Future Collaboration

Mr. John Ummel started by congratulating Mr. Costello and remarked he is impressed by his background. He stated that Mr. Art Jensen asked him to go over BAWUA's accomplishments over the last year and to talk about future work.

Successful Collaborative Efforts This Year: (1) Interim Water Shortage Allocation Plan adopted by SFPUC and BAWUA, (2) Development and Adoption of SFPUC CIP, Long Range Financial Plan, R.W. Beck Analysis, and Blue Ribbon Advisory Committee Review, (3) Completion of Milpitas Intertie with Santa Clara Valley Water District, (4) Regional Conservation Programs -Washing Machine Rebate, (5) SCADA "Real Time" Operation Interface.

Opportunities for Future Collaboration: (1) Crisis Management Plan -Facility Reliability Study indicated system could be out of water 30-60 days in the event of a major earthquake, (2) Additional Regional Conservation Programs -worked with staff to secure grant funding for Water Conservation Program from State, (3) Secure Dry Year Water Supplies-implementation of Water Supply Master Plan for additional 21 million gallons a day, and (4) Refine Future Water Demands for the regional water system

9. Public Comments on matters not on today's agenda.

There were none.

CONSENT CALENDAR

10. Moved by Vice President Normandy, seconded by Commissioner Bhatt, to adopt the items a-d listed under the Consent Calendar; passed (5-0) unanimously.

- a) Resolution No.02-0141: Accept work performed for Contract No. CW-244, Oak/McAllister/Folsom/Mission Streets Sewer Replacement, approve Modification No.2 (Final)

decreasing the contract by \$63,967.95 for a final contract amount of \$685,866.55 (and with a time extension of 43 consecutive calendar days for a total contract duration of 127 consecutive calendar days), and authorize final payment, in the amount of \$70,386.65, to Shaw Pipeline, Inc.

- b) Resolution No.02-0142: Accept work performed for Contract No. CW-254, 26th Street/Folsom Street/Precita Avenue Sewer Replacement, approve Modification No.1 (Final) decreasing the contract by \$27,866.76, for a final contract amount of \$661,673.24, and authorize final payment, in the amount of \$66,167.32, to Harty Pipelines, Inc.
- c) Resolution No.02-0143: Accept work performed for Contract No. WD-2294, Alameda Creek Diversion Dam -Erosion and Miscellaneous Repairs, for a final contract amount of \$446,404, and authorize final payment, in the amount of \$19,069, to Gordon Ball, Inc./Mendelian Construction, Inc., J.V.
- d) Resolution No.02-0144: Approve resolution recognizing the work and contributions of Steven D. Leonard.

REGULAR BUSINESS

- 11. Discussion and possible action related to an exemption in the Administrative Code bidding process requirements.

Moved by Vice President Normandy, seconded by Commissioner Chen to adopt the following resolution; passed (5-0) unanimously.

- Resolution No.02-0145: Authorize the General Manager of Public Utilities to request from the Board of Supervisors an exemption to the San Francisco Administrative Code Chapter 6 bidding process requirements, to permit an expedited procurement of the equipment and services required to replace and repair damaged components in both of the Holm Powerhouse turbine generators, and a fund transfer in the amount of \$700,000 for said repairs.

CONSTRUCTION CONTRACTS

Award

12. Discussion and possible action related to Contract No. WD-2348.

Moved by Commissioner Chen, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No.02-0146: Approve Modification No.1 to Contract No. WD-2348, Seismic Anchorage of Equipment at Harry Tracy Water Treatment Plant, with no increase to the original contract amount of \$898,000, and with a time extension of 70 days for a total contract duration of 220 days; and authorize final payment, in the amount of \$43,200, to Proven Management, Inc.

PROFESSIONAL SERVICE CONTRACTS

Award

13. Discussion and possible action related to Agreement No. CS-672 C.

Mr. Michael Carlin, Manager of the Bureau of Strategic and Systems Planning, explained that this agenda item moves forward on preparing the required environmental documents and collecting the required information for adding water to Lake Merced. The proposed contract will address two issues: (1) Short term issue of adding water to the lake this fall and (2) Long term issue of adding water to the lake to bring it up to the proposed level and looking for alternative water supplies. Mr. Carlin stated that there is ample time for public involvement and that staff has been working with the Department of Recreation and Parks and the Nature Committee and has had discussions and consultations with the Audoban Society and Dr. Alex Horn from US Berkeley, an internationally renowned scientist on lake management.

President Caen asked for public comment on this issue.

Mr. Jerry Cadagan, from the Committee to Save Lake Merced, came before the Commission and asked that the Commission slow down on this agenda item for at least a month so they can study the 21-page document. They are questioning some of the assumptions in the document and are willing to have a little less water in the lake this winter because of the requested delay.

Ms. Martel responded that while she appreciated Mr. Cadagan's comments, SFPUC staff is under pressure to move quickly and that this proposal was brought

to the attention of the Commission at the last meeting. No disagreement on moving ahead was brought up at that time. This agenda item allows the execution of the contract and will still allow time to circulate the scope of work and make changes. She strongly recommended that the Commission approve this item and assured Mr. Cadagan that staff will work with him and other concerned parties for additional input before the scope of work is finalized.

Commissioner Bhatt asked about the cost of \$296,000 and the amount of labor needed. Mr. Carlin answered that this is a 12-month contract with an expedited work plan. Ms. Martel added that she will provide ongoing reports to the Commission at each meeting about the progress being made. At the July 2 Commission meeting, it was agreed to that maintaining the water level was the most essential first step. The SFPUC has to move forward if we expect to introduce water into the lake in the fall.

Vice President Normandy asked about Mr. John Plummer's (Friends of Lake Merced) allegation that adding water to the lake on several occasions had no impact. Mr. Carlin responded that in the past, there were compromises with the Department of Fish & Game and the Golden Gate Audoban Society, regarding limitations on the addition of water and the timing of the additions. *Vice President Normandy stated that he wants staff to move the item forward and asked staff to meet with Mr. Cadagan immediately.* Commissioner Costello stated his familiarity with this issue and reiterated the need for forward movement on this.

Moved by Vice President Normandy, seconded by Commissioner Costello to adopt the following resolution; passed (5-0) unanimously.

Resolution No.02-0147: Authorize the General Manager of Public Utilities to negotiate and execute Agreement No. CS-672 C, the Lake Merced Raised Water Level Assessment and Environmental Review Project (the Lake Merced Project), to EDAW Inc. The services under this agreement shall be provided for a total budgeted amount not to exceed \$296,000 and a term of twelve (12) months.

Advertise

14. Discussion and possible action related to water and sewer rate study.

Mr. Bill Berry, Assistant General Manager of Finance, explained that during the CIP community meetings, one of the most consistent questions related to rates and rate equity. The General Manager agreed to conduct a rate study during those meetings. A rate study has not been done in several years.

The proposed rate study will consider (1) cost of service rates design (minimum revenue requirements, lifeline rates to protect senior and low-income residents, conservation promotion, public/private fire protection, and storm water runoff) and (2) development of automated rate model.

President Caen expressed concern that the Commission will not be able to adjust or change anything for at least four years. Mr. Berry responded that other factors will allow for changes. For example, if the water bond passes in November, rates can be raised earlier.

Moved by Vice President Normandy, seconded by Commissioner Chen to adopt the following resolution; passed (5-0) unanimously.

Resolution No.02-0148: Authorize the General Manager of Public Utilities to advertise a Request for Proposals (RFP) to perform a water and sewer rate study at an estimated cost of \$200,000 for a maximum duration of one (1) year.

CLOSED SESSION

15. Public comments on matters to be discussed in Closed Session.

There were none.

16. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Vice President Normandy, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (5-0) unanimously.

The Public Utilities Commission met in Closed Session at 2:45 P.M. to discuss the following matters:

17. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Assistant General Manager for Power Policy Ed Smeloff, and Deputy City Attorney Theresa Mueller.

There was no action.

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Assistant General Manager for Power Policy Ed Smeloff, and Deputy City Attorney Theresa Mueller.

There was no action.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

Nothing was discussed.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c): (Mueller)

Anticipated Litigation: As Plaintiff.
Regarding long-term power purchase contracts.

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Utilities General Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Assistant General Manager for Power Policy Ed Smeloff, and Deputy City Attorney Theresa Mueller.

There was no action.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: Gary M. Williams/USAA Insurance,
Claim No. 02-01997

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E.

Martel, Utilities General Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Moved by Vice President Normandy, seconded by Commissioner Chen to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0149: Recommend a settlement in the case of Gary M. Williams/USAA Insurance, Claim No. 02-010997.

Following the Closed Session, the Commission reconvened in open session at 3:55 P.M.

22. Announcement following Closed Session.

President Caen announced the actions taken during Closed Session.

23. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Vice President Normandy, seconded by Commissioner Bhatt, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 3:56 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

August 13, 2002
1:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) March 14, 2002 Special Meeting
 - b) March 26, 2002 Regular Meeting
 - c) May 28, 2002 Regular Meeting
 - d) June 11, 2002 Regular Meeting
 - e) July 9, 2002 Regular Meeting
 - f) July 23, 2002 Regular Meeting
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Capital Improvement Program Update (Martel)
 - b) Legislative Update (Martel)
 - c) Hydrologist Update (Martel)
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - a) Staff Recommendation: Ratify the Declaration of Emergency, Contract No. CW-337E, made by the General Manager of the Public Utilities Commission, dated May 30, 2002, and approved by the President of the Commission, to repair the elevators at the Southeast Community Center, and to approve an expenditure of funds in the amount of \$77,640.
 - b) Staff Recommendation: Ratify the Declaration of Emergency, Contract No. CW-336E, made by the General Manager of the Public Utilities Commission, dated April 25, 2002, and approved by the President of the Commission, and request the Board of Supervisors to approve the expenditure of funds in the amount of \$441,000, to replace the VFDs at the Southeast Water Pollution Control Plant.
 - c) Staff Recommendation: Award Contract No. CW-287 to replace the existing sewers at Mary/Third/Fremont/Freelon Streets, in the amount of \$762,105 to JMB Construction, Inc.
 - d) Staff Recommendation: Award Contract No. CW-290, Howard Street Outfall Butterfly Gate Valve Replacement, in the amount of \$105,900 to Power Engineering Contractors, Inc.
 - e) Staff Recommendation: Award Contract No. CW-292 to replace the existing sewers at Broderick/Steiner/Webster/Laguna Streets, in the amount of \$395,945 to Harty Pipeline, Inc.
 - f) Staff Recommendation: Award Contract No. WD-2355, Hayes Street 8-Inch Ductile Iron Main Installation, in the amount of \$930,260 to P & J Utilities.

- g) Staff Recommendation: Accept work performed for Contract No. CW-239, Ashbury Street / Geary Boulevard / Masonic & Paul Avenues Sewer Replacement; approve Modification No. 1 (Final) decreasing the contract by \$38,176.76 for a final contract amount of \$411,414.24; and with a time extension of 73 consecutive calendar days for a total contract duration of 164 consecutive calendar days; and authorize final payment, in the amount of \$25,795.71 to Shaw Pipeline, Inc.
- h) Staff Recommendation: Accept work performed for Contract No. WD-2273, Metal Bin Type Retaining Wall for BDPL No. 2; authorize payment of \$1,000, retained by the City, to the contractor, Schimmick Construction Co., Inc.

REGULAR BUSINESS

10. Discussion and possible action related to distribution of water efficient fixtures and lead-free faucets. (Vizcarra)
- Staff Recommendation: Approve the direct distribution of water-efficient fixtures and lead-free faucets for free or below cost to the San Francisco Public Utilities Commission's residential customers in order to promote the public good and the San Francisco Public Utilities Commission's commitment to water conservation and water quality.

11. Discussion and possible action related to grant funding for the Sunol Valley Fluoridation Facility. (DeGraca)
- Staff Recommendation: Approve the acceptance of \$250,000 in grant funding from the California Dental Association Foundation, Inc. for the design and construction of the Sunol Valley Fluoridation Facility; and authorize the General Manager of Public Utilities to seek final approval of that grant funding from the Board of Supervisors.

LEASES AND PERMITS

12. Discussion and possible action related to amending lease with Santa Clara Sand and Gravel Co., Inc. (Dowd)
- Staff Recommendation: Rescind Resolution No. 02-0110 adopted on May 28, 2002, and authorize the General Manager of Public Utilities to execute a Third Amendment to Lease between the City and County of San Francisco and Santa Clara Sand and Gravel

Co., Inc., for the operation of a quarry located on portion of Parcel 65 of Sunol and San Antonio Lands located in Sunol, California.

13. Discussion and possible action related to Sprint Spectrum lease in Hillsborough, California. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with Sprint Spectrum for approximately two hundred ten (210) square feet of space for the continued use of existing mobile/wireless antennas, and an underground conduit for the placement of coax cables, used for the transmission and reception of radio communication signals, on SFPUC Watershed land located at 6650 Golf Course Road, Hillsborough, California.

14. Discussion and possible action related to Sprint Spectrum lease in Millbrae, California. Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with Sprint Spectrum for approximately three hundred (300) square feet of space for the continued use of existing mobile/wireless antennas, and an underground conduit for the placement of coax cables, used for the transmission and reception of radio communication signals, on SFPUC Watershed land located at I-280 and Trousdale Gate, Millbrae, California.

CONSTRUCTION CONTRACTS

Amend

15. Discussion and possible action related to Project No. CUW218 and Contract No. WD-2337. (Quan)

Staff Recommendation: Approve a transfer of funds of \$957,608 from Project No. CUW161 – Rehabilitation of Treatment Facilities, to Project No. CUW218 – Harry Tracy Water Treatment Plant (HTWTP) Improvements, to subsidize the security upgrade components of this contract modification; approve Modification No. 4 to Contract No. WD-2337, HTWTP Residuals Thickening, increasing the contract by \$1,384,788, for a total contract amount of \$10,150,411.

PROFESSIONAL SERVICE CONTRACTS

Award

16. Discussion and possible action related to Agreement No. CS-672B. (Medbery)

Staff Recommendation: Authorize the General Manager of Public Utilities to negotiate and execute Agreement No. CS-672 B, Alameda Watershed Habitat Conservation Plan, with the Jones and Stokes/Robert Group Joint Venture (J&S), and provide for a total budgeted amount up to \$900,000 for a term of thirty months from the date of Controller certification.

Amend

17. Discussion and possible action related to Agreement No. CS-551. (Quan)

Staff Recommendation: Authorize the Utilities Engineering Bureau Manager to execute Amendment No. 3 to Agreement No. CS-551, Construction Management Services for the San Francisco Water SCADA Project, with CH2M Hill/Ocampo Esta, Joint Venture, increasing by \$150,000 the amount of compensation for construction support for a total contract of \$2,410,000, and extending the term by one year to December 31, 2003, for a total agreement duration of four years.

18. Discussion and possible action related to Agreement No. CS-525A. (Quan)

Staff Recommendation: Authorize the General Manager of Public Utilities to request the Board of Supervisors to grant a waiver of Administrative Code 6.64, As-needed Contracts, to allow Agreement No. CS-525A, Specialized Engineering Services, with Olivia Chen Consultants, to be further increased such that cumulative modifications will exceed one hundred-fifty percent of the original contract amount; and, upon receipt of the Board's granting of such waiver, authorize the Utilities Engineering Bureau Manager to execute Amendment No. 4 to Agreement No. CS-525A, Specialized Engineering Services, with Olivia Chen Consultants, increasing the Agreement in the amount of \$309,692 for a total contract amount of \$1,509,691 and to collect the \$15,000 fine imposed by the Human Rights Commission.

CLOSED SESSION

19. Public comments on matters to be discussed in Closed Session.
20. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.
22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.
23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.
24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c):
(Mueller)

Anticipated Litigation: As Plaintiff.
Regarding long-term power purchase contracts.
25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Milstein)

Existing Litigation: Arbitration demand by Bay Area Water Users Association for FY 1999-00 Suburban Revenue Requirement

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: Jairo L. Rodriguez, Claim No. 02-00895

27. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:
(Clayton)

Property: Bernal Property (Civic Center Parcel)
Parties Negotiating: CCSF (Dowd)
 City of Pleasanton
Under Negotiation: Terms and Conditions of Sale

28. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Gonzalez/Roddy)

Existing Litigation: University of California, Hastings v. CCSF
 (Superior Court No. 997-534);
 University of California, San Francisco v. CCSF
 (Superior Court No. 311-005);
 Univeristy of California, Hastings v. CCSF
 (Superior Court No. 400-550);
 University of California, San Francisco v. CCSF
 (Superior Court No. 324-662)

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL
RECONVENE IN PUBLIC SESSION.

29. Announcement following Closed Session.

30. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

August 13, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

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ORDER OF BUSINESS:

1. Call to Order: 1:46 P.M.
2. Roll Call: Present - Vice President E. Dennis Normandy, Commissioner Jeffrey A. Chen, Commissioner Robert J. Costello

Commissioner Bhatt arrived after Roll Call at 2:13 P.M.

Excused - President Ann Moller Caen

3. Approval of Minutes

Moved by Commissioner Costello, seconded by Commissioner Chen, to postpone the approval of the Minutes due to President Caen's excused absence for the next regularly scheduled meeting; passed (3-0) unanimously.

- a) March 14, 2002 Special Meeting
- b) March 26, 2002 Regular Meeting
- c) May 28, 2002 Regular Meeting
- d) June 11, 2002 Regular Meeting
- e) July 9, 2002 Regular Meeting
- f) July 23, 2002 Regular Meeting

4. Communications

No action taken.

5. Old/Ongoing Business by Commissioners

Vice President Normandy acknowledged receipt of two communications from members of Residential Users Advisory Board (RUAB) and requested staff write responses and post the Commission. Ms. Patricia E. Martel, General Manager of Public Utilities, responded that staff had prepared a report. With the subsequent communications received, the report will be revised. The responses will be prepared by the next meeting.

Vice President Normandy stated some Lake Merced communications had been received and asked if they would be factored in a future report. Ms. Martel responded they would.

6. Introduction of New Business by Commissioners

There was no new business introduced.

7. Report of the General Manager

a) Capital Improvement Program (CIP) Update

Ms. Martel reported that the Water Infrastructure Partners (WIP), the Program Management Consultant for the CIP, have been working effectively with the staff of UEB and CIP over the last several weeks. They have been developing a Program Management plan for both the joint venture partners and the SFPUC staff to form one cohesive group to implement the CIP. The group has been meeting to prepare for a partnering session in September. The session will also include representatives from Bay Area Water Users Association (BAWUA), Local 21 and other stakeholders in order for everyone to be apprised of the Program Management plan. Goals and objectives, performance measurements, and identifying specific roles and responsibilities for everyone in the group will be determined.

A report to the Board of Supervisors (BOS) on the implementation of this new contract will be made in September. A detailed plan and proposal for funding for the next year will be presented. The joint venture partners and the staff of the Utilities Engineering Bureau (UEB) and CIP are working to complete the initial work that needs to occur before the November election.

Per the Commission's direction to not wait until November to begin a comprehensive plan, staff has been preparing preplanning projects and conducting preliminary environmental planning for environmental reports to get a head start on work that would need to be completed in the event that the bond measure is approved in November. A funding source for these activities needs to be identified prior to bond money availability.

b) Legislative Update

Ms. Martel reported on State and local legislation which could potentially effect the CIP.

AB 1823 was heard in the State legislature on August 7. BAWUA and Assemblyman Lou Pappan made amendments which SFPUC and the BOS continue to oppose. After the legislation was heard in Appropriations, it was put on suspense.

AB 2058 was heard in Senate Appropriations and placed on suspense on August 5 due to minor costs that could be incurred by the State. The bill has to be considered by August 16.

SB 1870 was rescheduled to be heard on August 14. It is likely to be placed on suspense as staff at the Legislature have determined there are potential costs incurred by State agencies associated with the bill related to the SFPUC's CIP and rates increases. Senator Speier's staff feels confident that there is sufficient support in the Legislature to approve the legislation in spite of the potential cost to the State, because of the urgency to improve the water system's reliability and safety. It is expected that SB 1870 will be approved later this month.

Locally, SFPUC reviewed the final November ballot measures and assisted with the ballot simplification process affecting SFPUC measures—the water revenue bond, the water/sewer charter amendment, and the public power charter amendment. The ballot simplification process by the Elections Department develops a simplified analysis of the legislation for the voters. Copies were provided.

During final actions, the BOS approved a measure for the ballot for a Bond Oversight Committee for the issuance of revenue bonds by the SFPUC. The committee would have representatives appointed by the Mayor and the BOS and a representative from the Budget Analysts Office. This particular committee would be different than those proposed for the water revenue bond and the charter amendment as it would be given authority for specific activities. The measure was introduced by Supervisor Hall and approved with the support of Supervisors Yee, Gonzalez and Daly.

c) Hydrologist Update

Ms. Martel updated the Commission on the status of hiring a hydrologist at SFPUC. A job analysis for Water Operations Analyst was completed on July 31. The classification is broad and enables SFPUC to utilize a hydrologist in fulfilling the position's requirements. The Bureau of Personnel and Training and staff developed a job description and will be advertising it within the next 2-4 weeks. The hiring process will be expedited to hire a hydrologist in the next several months. Ms. Martel concluded her report and called for questions.

Vice President Normandy inquired if during the CIP partnering meetings discussion of the team physically relocating to one place was being considered. Ms. Martel stated it would be discussed at the next meeting. A proposal for leasing additional space at 1155 Market Street is forthcoming. Part of this proposal is to provide space for the CIP joint venture group and to have the CIP team in one location.

Vice President Normandy inquired if the amount that is on the San Francisco bond measure for the CIP is synchronized with State Senate legislation. Ms. Martel stated it is, with the proposed San Francisco water revenue bond providing \$1.6 billion and SB 1870 providing \$2 billion, totaling \$3.6 billion for the CIP.

Vice President Normandy expressed the hope that no changes will need to be made on the amount at the local level. Ms. Martel stated she didn't see this happening as Senator Speier anticipates that SB 1870 will be reported out and that there will be a final vote later this month.

Vice President Normandy asked what options the City has if the bill continues to be put on suspense or doesn't pass. He inquired if it would come back to the Commission and BOS to increase the total value of the bond measure locally. Ms. Martel stated that final changes can be made until August 27. Agreement to change the amount would be an issue for the BOS to determine.

Vice President Normandy inquired if staff would be ready to move on this if required. Ms. Martel responded "absolutely."

Vice President Normandy thanked Ms. Martel for expediting the hydrologist's position for its need and importance.

Commissioner Chen asked what the BOS's position was on increasing the revenue bonds and if Ms. Martel had spoken with them about this.

Ms. Martel responded that the issue came up in the Finance Committee when the recommendation was made to them to lower the overall request for a bond measure. The Commission initially put forth a request for a bond in the amount of \$3.6 billion. Due to activities in Sacramento and support for SB 1870, including San Francisco's support of SB 1870, it was felt that the Legislature would approve the bill. It was approved in the Senate, and it is believed it will be approved in the Assembly. The Governor indicated if the legislation is approved by the Legislature, he would be willing to sign the legislation. BAWUA and Senator Speier have indicated confidence that the Legislature fully supports the measure. Based on those assurances, the recommendation was made to lower the bond to the City's portion of the regional cost and the full financing of local costs.

Commissioner Costello stated he agreed with the General Manager that the bill will pass and that everyone he knows is in full support of it.

8. Public Comments on matters not on today's agenda.

There were none.

CONSENT CALENDAR

9. Moved by Commissioner Chen, seconded by Commissioner Costello, to adopt the items a-h listed under the Consent Calendar; passed (3-0) unanimously.

- a) Resolution No. 02-0150: Ratify the Declaration of Emergency, Contract No. CW-337E, made by the General Manager of the

Public Utilities Commission, dated May 30, 2002, and approved by the President of the Commission, to repair the elevators at the Southeast Community Center, and to approve an expenditure of funds in the amount of \$77,640.

- b) Resolution No. 02-0151: Ratify the Declaration of Emergency, Contract No. CW-336E, made by the General Manager of the Public Utilities Commission, dated April 25, 2002, and approved by the President of the Commission, and request the Board of Supervisors to approve the expenditure of funds in the amount of \$441,000, to replace the VFDs at the Southeast Water Pollution Control Plant.
- c) Resolution No. 02-0152: Award Contract No. CW-287 to replace the existing sewers at Mary/Third/Fremont/Freelon Streets, in the amount of \$762,105 to JMB Construction, Inc.
- d) Resolution No. 02-0153: Award Contract No. CW-290, Howard Street Outfall utterfly Gate Valve Replacement, in the amount of \$105,900 to Power Engineering Contractors, Inc.
- e) Resolution No. 02-0154: Award Contract No. CW-292 to replace the existing sewers at Broderick/Steiner/Webster/Laguna Streets, in the amount of \$395,945 to Harty Pipeline, Inc.
- f) Resolution No. 02-0155: Award Contract No. WD-2355, Hayes Street 8-Inch Ductile Iron Main Installation, in the amount of \$930,260 to P & J Utilities.
- g) Resolution No.02-0156 : Accept work performed for Contract No. CW-239, Ashbury Street / Geary Boulevard / Masonic & Paul Avenues Sewer Replacement; approve Modification No. 1 (Final) decreasing the contract by \$38,176.76 for a final contract amount of \$411,414.24; and with a time extension of 73 consecutive calendar days for a total contract duration of 164 consecutive calendar days; and authorize final payment, in the amount of \$25,795.71 to Shaw Pipeline, Inc.
- h) Resolution No. 02-0157: Accept work performed for Contract No. WD-2273, Metal Bin Type Retaining Wall for BDPL No. 2; authorize payment of \$1,000, retained by the City, to the contractor, Schimmick Construction Co., Inc.

REGULAR CALENDAR

10. Discussion and possible action related to distribution of water efficient fixtures and lead-free faucets.

Ms. Kim Knox, Water Conservation Administrator, stated SFPUC has sold 1.6 gallons per flush toilets for only \$10 since 1991. For the past 2 years ago, lead-free faucets have been sold for \$10 to reduce lead risk. Counsel requested continuation of the two programs.

Commissioner Chen stated they are very good water preservation programs. Vice President Normandy verified their track record of success. He asked about the costs related to the program, wanting to know estimates and if costs are factored into ongoing operations.

Ms Knox stated both are factored. Toilets cost \$66 with the reduction of the \$10 for \$56. With the water savings, SFPUC receives the money back within 3 years. The lead-free faucets cost \$123. Their replacement reduces lead risk to children and is considered an investment for the future. Vice President Normandy stated they are excellent programs and wanted the responses on record.

Moved by Commissioner Chen, seconded by Commissioner Costello to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0158: Approve the direct distribution of water-efficient fixtures and lead-free faucets for free or below cost to the San Francisco Public Utilities Commission's residential customers in order to promote the public good and the San Francisco Public Utilities Commission's commitment to water conservation and water quality.

11. Discussion and possible action related to grant funding for the Sunol Valley Fluoridation Facility.

Moved by Commissioner Costello, seconded by Commissioner Chen to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0159: Approve the acceptance of \$250,000 in grant funding from the California Dental Association Foundation, Inc. for the design and construction of the Sunol Valley Fluoridation Facility; and authorize the General Manager of Public Utilities to seek final approval of that grant funding from the Board of Supervisors.

LEASES AND PERMITS

12. Discussion and possible action related to amending lease with Santa Clara Sand and Gravel Co., Inc.

Moved by Commissioner Costello, seconded by Commissioner Chen to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0160: Rescind Resolution No. 02-0110 adopted on May 28, 2002, and authorize the General Manager of Public Utilities to execute a Third Amendment to Lease between the City and County of San Francisco and Santa Clara Sand and Gravel Co., Inc., for the operation of a quarry located on portion of Parcel 65 of Sunol and San Antonio Lands located in Sunol, California.

13. Discussion and possible action related to Sprint Spectrum lease in Hillsborough, California.

Moved by Commissioner Costello, seconded by Commissioner Chen to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0161: Authorize the General Manager of Public Utilities to execute a lease with Sprint Spectrum for approximately two hundred ten (210) square feet of space for the continued use of existing mobile/wireless antennas, and an underground conduit for the placement of coax cables, used for the transmission and reception of radio communication signals, on SFPUC Watershed land located at 6650 Golf Course Road, Hillsborough, California.

Commissioner Bhatt arrived at 2:13 P.M.

14. Discussion and possible action related to Sprint Spectrum lease in Millbrae, California.

Moved by Commissioner Bhatt, seconded by Commissioner Costello to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0162: Authorize the General Manager of Public Utilities to execute a lease with Sprint Spectrum for approximately three hundred (300) square feet of space for the continued use of existing mobile/wireless antennas, and an underground

conduit for the placement of coax cables, used for the transmission and reception of radio communication signals, on SFPUC Watershed land located at I-280 and Trousdale Gate, Millbrae, California.

CONSTRUCTION CONTRACTS

Amend

15. Discussion and possible action related to Project No. CUW218 and Contract No. WD-2337.

Mr. Ed West, Senior UEB Manager, gave a brief description of the project. Vice President Normandy inquired if there were sufficient funds for the transfer to this project. Mr. West verified the funds were available.

Moved by Commissioner Bhatt, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0163: Approve a transfer of funds of \$957,608 from Project No. CUW161 – Rehabilitation of Treatment Facilities, to Project No. CUW218 – Harry Tracy Water Treatment Plant (HTWTP) Improvements, to subsidize the security upgrade components of this contract modification; approve Modification No. 4 to Contract No. WD-2337, HTWTP Residuals Thickening, increasing the contract by \$1,384,788, for a total contract amount of \$10,150,411.

PROFESSIONAL SERVICE CONTRACTS

Award

16. Discussion and possible action related to Agreement No. CS-672B.

Moved by Commissioner Costello, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0164: Authorize the General Manager of Public Utilities to negotiate and execute Agreement No. CS-672 B, Alameda Watershed Habitat Conservation Plan, with the Jones and Stokes/Robert Group Joint Venture (J&S), and provide for a total budgeted amount up to

\$900,000 for a term of thirty months from the date of Controller certification.

Amend

17. Discussion and possible action related to Agreement No. CS-551.

Ms. Kate Read, Manager for the SCADA Program, briefly described the modification.

Commissioner Bhatt asked why the project was delayed and if it was because of the City or the contractor. Ms. Read stated there are a number of reasons for delay, that it hasn't been determined if it is the City or the contractor, and that the project is under discussion with the City Attorney's Office.

Moved by Commissioner Bhatt, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0165: Authorize the Utilities Engineering Bureau Manager to execute Amendment No. 3 to Agreement No. CS-551, Construction Management Services for the San Francisco Water SCADA Project, with CH2M Hill/Ocampo Esta, Joint Venture, increasing by \$150,000 the amount of compensation for construction support for a total contract of \$2,410,000, and extending the term by one year to December 31, 2003, for a total agreement duration of four years.

18. Discussion and possible action related to Agreement No. CS-525A.

Mr. Chris Nelson, Senior Project Manager for Regional Water Projects, gave background and reasoning for staff going to the BOS for an ordinance to request an increase to the as-needed professional services contract of Olivia Chen Consultants. The ordinance is required because the increase exceeds the 150% cap set by administrative code. Unanticipated conditions and State requirements added cost, time and complexity to the project. The City Attorney's Office indicated that the BOS authorization to amend the contract above the limitation is required to pay Olivia Chen Consultants for extra work

Commissioner Chen requested an explanation for the collection of the \$15,000 fine imposed by the Human Rights Commission. Mr. Nelson stated the consultant initially planned the work of a lower-tier MBE subcontractor to have a greater amount, but it turned out in the analysis of the contract costs that the amount of the subcontractor's participation was inflated by a lower-tier subcontractor which is not an appropriate reflection of MBE participation. The amount of the clerical error was used to determine the penalty.

Commissioner Costello moved to adopt the item.

Vice President Normandy asked about the percentages of fault, specifically about the 7% due to inefficiencies in the consultant's coordination of fieldwork. Mr. Nelson stated that normal field errors extended the work.

Vice President Normandy requested assurance from staff that what will be brought to the BOS be an ironclad justification and full rationale for the proposal to avoid criticism and investigation of staff. He asked for Mr. Nelson's or the General Manager's comment.

Mr. Nelson stated the project was a geotechnical effort of great magnitude and was left to the administration in the field by the engineering consultant. In the future, projects of this magnitude will have an assigned resident engineer and staff on site to assess changes and impact on budget.

Vice President Normandy asked for a clear delineation of what went wrong to justify the request for additional funding and extension of the contract's term. He stated the need for an ironclad rationale to present to the BOS. Ms Martel stated a clear and ironclad rationale would be developed by staff to submit to the BOS. The overall rationale would also include that the project was very complex and analytical.

Vice President Normandy stated it is a communications process and that it is important that what is presented to the BOS be detailed and thorough and that staff be prepared to answer questions. Commissioner Costello agreed with the Vice President's comments and stated the need for a safeguard.

Vice President Normandy asked Commissioner Costello if he was willing to make an amendment to include additional direction from the Commission for the preparation of further rationalization.

Commissioner Costello agreed to amend his motion to adopt the resolution.

Moved by Commissioner Costello, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0166: Authorize the General Manager of Public Utilities to request the Board of Supervisors to grant a waiver of Administrative Code 6.64, As-needed Contracts, to allow Agreement No. CS-525A, Specialized Engineering Services, with Olivia Chen Consultants, to be further increased such that cumulative modifications will exceed one hundred-fifty percent of the original contract amount; and, upon receipt of the Board's granting of such waiver, authorize the Utilities

Engineering Bureau Manager to execute Amendment No. 4 to Agreement No. CS-525A, Specialized Engineering Services, with Olivia Chen Consultants, increasing the Agreement in the amount of \$309,692 for a total contract amount of \$1,509,691 and to collect the \$15,000 fine imposed by the Human Rights Commission.

CLOSED SESSION

19. Public comments on matters to be discussed in Closed Session.

There were none.

20. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Chen, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (4-0) unanimously.

Vice President Normandy called for a 10-minute recess at 2:39 P.M.

At 2:50 P.M. the meeting was reconvened.

The Public Utilities Commission met in Closed Session at 2:50 P.M. to discuss the following matters:

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

Present were Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, and SFPUC Assistant General Manager for Power Policy Ed Smeloff

No action was taken.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

Present were Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, and SFPUC Assistant General Manager for Power Policy Ed Smeloff

No action was taken.

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

Nothing was discussed.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c): (Mueller)

Anticipated Litigation: As Plaintiff.
Regarding long-term power purchase contracts.

Present were Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Assistant General Manager for Power Policy Ed Smeloff, and Deputy City Attorney Theresa Mueller.

No action was taken.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein)

Existing Litigation: Arbitration demand by Bay Area Water Users Association for FY 1999-00 Suburban Revenue Requirement

Present were Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Finance Rate Administrator William Laws, and Deputy City Attorney Josh Milstein.

The Commission authorized the General Manager to sign extended arbitration period agreement.

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: Jairo L. Rodriguez, Claim No. 02-00895

Present were Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Resolution No. 02-0167 Recommend a settlement in the case of Jairo L. Rodriguez, Claim No. 02-00895.

27. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Clayton)

Property: Bernal Property (Civic Center Parcel)

Parties Negotiating: CCSF (Dowd)
City of Pleasanton

Under Negotiation: Terms and Conditions of Sale

Present were Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Commercial Land Director Gary Dowd, and Deputy City Attorney John Malamut.

No action was taken.

28. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Gonzalez/Roddy)

Existing Litigation: University of California, Hastings v. CCSF
(Superior Court No. 997-534);
University of California, San Francisco v. CCSF
(Superior Court No. 311-005);
University of California, Hastings v. CCSF
(Superior Court No. 400-550);
University of California, San Francisco v. CCSF
(Superior Court No. 324-662)

Present were Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public

Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Finance Rate Administrator William Laws, Deputy City Attorney John Roddy, and Deputy City Attorney Jason Gonzalez.

No action taken.

Following the Closed Session, the Commission reconvened in open session at 4:17 P.M.

29. Announcement following Closed Session.

Vice President Normandy announced the actions taken during Closed Session.

30. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Bhatt, seconded by Commissioner Chen, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 4:18 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

SPECIAL MEETING

August 20, 2002

4:00 P.M.

City Hall, Room 408

1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

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The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

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Lobbyist Registration and Reporting Requirements

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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

SPECIAL ORDER OF BUSINESS

4. Discussion and possible action related to Contract No. CS-708. (Smeloff)

Staff Recommendation:	Authorize the General Manager of Public Utilities to award and execute Moscone Renewable Energy Power Plant and Energy Conservation Measures, Contract No. CS-708, with Powerlight Corporation for an amount of \$7,399,081 to design and install a solar photovoltaic power plant and energy efficiency measures at the Moscone Convention Center.
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ADJOURNMENT



SAN FRANCISCO Public Utilities Commission

8/20/02 CANCELLED Special Meeting SFPUC Commission

NOTICE OF CANCELLATION

The Special Meeting of the San Francisco Public Utilities Commission scheduled for Tuesday, August 20, 2002 at 4:00 P.M. in City Hall Room #408, has been cancelled.

Mary Y. Jung, Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/5/MSD_ID/19/MTO_ID/57/C_ID/1095

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

August 27, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

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Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

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Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

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GENERAL MANAGER

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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) March 14, 2002 Special Meeting
 - b) March 26, 2002 Regular Meeting
 - c) May 28, 2002 Regular Meeting
 - d) June 11, 2002 Regular Meeting
 - e) July 9, 2002 Regular Meeting
 - f) July 23, 2002 Regular Meeting
 - g) August 13, 2002 Regular Meeting
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Lake Merced Report (Carlin)
 - b) Legislative Update (Martel)
 - c) Restore Hetch Hetchy (Martel)
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Approve the plans and specifications for Contract No. CW-267, 16th / 20th / 24th Streets Sewer Replacement and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.
- b) Staff Recommendation: Ratify the Declaration of Emergency, Contract No. CW-342E Emergency Ratification 20th Street Sewer Replacement, made by the General Manager of Public Utilities on August 9, 2002 for the replacement of the structurally inadequate sewer on 20th Street, from Treat Avenue to Folsom Street.

REGULAR BUSINESS

10. Discussion and possible action related to Primitive Baptist Church. (Davis)

Staff Recommendation: Approve the First Amendment to the Agreement with The Golden Gate Primitive Baptist Church to increase the lump sum payment by \$4,000 for a total payment of \$14,000. Funding for this will come from the Water Supply & Treatment Division Operating Fund.

11. Discussion and possible action related to Dry-Year Water Supply Purchase/Exchange Program. (Carlin)

Staff Recommendation: Reject all proposals responding to the SFPUC's Request for Proposals for a Dry-Year Water Supply Purchase/Exchange Program and direct the General Manager of Public Utilities to begin informal discussions with interested parties to create options.

12. Discussion and possible action related to Project No. CUW-135, Project No.CUW-183, and Contract No. WD-2325. (Quan)

Staff Recommendation: Approve the transfer of funds in the amount of \$125,000 from Project No. CUW135 - New Line and Bypass Valves to Project No. CUW183-Palo Alto Redundant Connection; approve the award of Contract No. WD-2325, Palo Alto Pipeline Connection to Bay Division Pipelines Nos. 1 and 2 at Redwood City, in the amount of \$373,350, to Shaw Pipeline.

LEASES AND PERMITS

13. Discussion and possible action related to a permit with the YMCA of San Francisco – Stonestown Branch. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a permit with YMCA of San Francisco-Stonestown Branch for conducting a youth soccer program on a portion of Parcel 56 of San Francisco Lands (aka Merced Manor Reservoir), San Francisco.

14. Discussion and possible action related to a lease with Cingular Wireless on SFPUC property in Millbrae, California. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with Cingular Wireless for approximately two hundred twenty five (225) square feet of space for the continued use of existing telecommunication equipment, mobile/wireless antennas, and an underground conduit for the placement of coax cables, used for the transmission and reception of radio communication signals, on San Francisco Public Utilities Commission Watershed land located at I-280 and Trousdale Gate, Millbrae, California. (Special Lease Clauses: 27.1, 27.2, 27.3, 27.4)

15. Discussion and possible action related to a lease with Cingular Wireless on SFPUC property in Hillsborough, California. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with Cingular Wireless for approximately two hundred twenty five (225) square feet of space for the continued use of existing telecommunication equipment, mobile/wireless antennas, and an underground conduit for the placement of coax cables, used for the transmission and reception of radio communication signals, on San Francisco

Public Utilities Commission Watershed land located at 6650 Golf Course Road, Hillsborough, California. (Special Lease Clauses: 27.1, 27.2, 27.3, 27.4)

16. Discussion and possible action related to a lease at 1155 Market Street. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to approve a five (5) year lease (with two five (5) year options) for office space located at 1155 Market Street comprising approximately 139,956 sq. ft. on Floors 1 through 11.

CONSTRUCTION CONTRACTS

Award

17. Discussion and possible action related to Contract No. WD-2393. (Quan)

Staff Recommendation: Award Contract No. WD-2393, Seismic Upgrade of BDPL Nos. 1 and 2 at the Hayward Fault Crossing – Phase B, in the amount of \$2,465,000, to JMB Construction, Inc.

18. Discussion and possible action related to Contract No. CW-315. (Quan)

Staff Recommendation: Award Contract No. CW-315, SEWPCP Building 930 and 940 HVAC Improvements, in the amount of \$980,500, to L.C. Engineering & Construction.

PROFESSIONAL SERVICE CONTRACTS

Award

19. Discussion and possible action related to Agreement Nos. CS-692 A-F. (Smeloff)

Staff Recommendation: Authorize the General Manager of Public Utilities to award Agreements No. CS-692 A-F, As-Needed Energy Resource Planning, Development and Analysis Services, in an aggregate amount not to exceed \$6,000,000, and with a duration of three years, to Navigant Consulting, Inc., Brown, Vence & Associates, AEPC Groups, LLC, ICF Consulting, and Newcomb Anderson Associates, to provide energy resource planning, development, analysis, and technical assistance.

20. Discussion and possible action related to Agreement No. CS672E. (Carlin)

Staff Recommendation: Approve the selection of URS Corporation and authorize the General Manager of Public Utilities to negotiate and execute Agreement No. CS 672 E: Supporting Environmental Technical Studies for Regional Water Capital Improvement Program . The services under this agreement shall be provided for a total budgeted amount not to exceed Seven Hundred Thousand and 00/100 Dollars (\$700,000) for a term of not more than twelve (12) months from the date of Controller certification.

Amend

21. Discussion and possible action related to CS-524. (Martel)

Staff Recommendation: Authorize the General Manager of Public Utilities to amend Agreement No. CS-524 (Program Management Services) to preserve the right of the Board of Supervisors to review performance by the Water Infrastructure Partners (WIP), and to extend until December 21, 2002, the Board's right to disapprove the agreement based on a review of the SFPUC report; and approve a three-month time extension, at no added cost, for the performance of the Year 2 tasks of this agreement with WIP to provide program management services for the SFPUC Capital Improvement Program.

CLOSED SESSION

22. Public comments on matters to be discussed in Closed Session.
23. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Furman)
- Existing Litigation: City and County of San Francisco v. Modesto Irrigation District,
San Francisco Superior Court No. 323848.
26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Milstein/Lee)
- Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State
Water Resources Control Board.
27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Milstein)
- Existing Litigation: Arbitration demand by Bay Area Water Users Association
for FY 1999-00 Suburban Revenue Requirement
28. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:
(Clayton)
- Property: Bernal Property (Civic Center Parcel)
Parties Negotiating: CCSF (Dowd)
City of Pleasanton
Under Negotiation: Terms and Conditions of Sale

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL
RECONVENE IN PUBLIC SESSION.

29. Announcement following Closed Session.
30. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

August 27, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

DOCUMENTS DEPT.

SEP 19 2002

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ORDER OF BUSINESS:

1. Call to Order: 1:35 P.M.
2. Roll Call: Present - President Ann Moller Caen, Commissioner Ashok K. Bhatt, Commissioner Jeffrey A. Chen, Commissioner Robert J. Costello

Vice President E. Dennis Normandy arrived after Roll Call at 1:38 P.M.

President Caen called the Agenda out of order, starting with Item 4.

4. Communications

No action taken.

5. Old/Ongoing Business by Commissioners

There was no discussion.

6. Introduction of New Business by Commissioners

There was no new business introduced.

7. Report of the General Manager

Patricia E. Martel, General Manager of Public Utilities, reported she had received a communication from Art Jensen, General Manager of the Bay Area Water Users Association, that he was on vacation and unable to give his monthly report but will return in September to resume his regular monthly reporting.

a) Lake Merced Report

Mr. Michael Carlin, Director of Strategic Systems and Planning, apprised the Commission on several areas regarding Lake Merced.

1. Environmental Review. The review for adding water to the lake is broken into two phases. Phase 1 is the short-term addition of water and phase 2 is the longer-term addition of water and exploring alternative water sources. There was a public meeting on August 13 hosted by the Nature and Water Committees of the Lake Merced Task Force (LMTF) and facilitated by the Recreation and Parks Department. The scope of work is out and has been broadcasted; comments have been received and the scope has been modified to reflect the comments. An effort to work with the community to define "near-term project" is underway. The near-

term project refers to adding water to the lake this fall. A proposal is being developed for the project and will be brought to the Commission in a couple weeks describing the near-term project and including the environmental document to be filed. Habitat work under the environmental review continues and is on schedule. The information is needed to define the long-term project. The plan is to come back to the Commission early next year to present documentation and define the long-term project to move forward on addressing Lake Merced's water level.

2. Grant Application. A California Coastal Conservancy grant application related to Lake Merced has been drafted. It addresses the fishery, fishing recreational benefits, trail work, and native plant restoration. Members of the LMTF Resources Committee spearheaded the grant application. The grant includes a position within SFPUC for a full-time Lake Merced liaison. A position description has been written and forwarded to Personnel. It will be advertised in a couple of months.

3. Storm Water. The storm water pilot project has been constructed and preparation is being made for winter activation. There will be a meeting on August 28 with Daly City to discuss activating the project on a pilot basis this winter.

4. Salt-Water Intrusion. All parties want to know if salt-water intrusion is occurring in the Westside Basin Aquifer. Daly City applied for a state grant to put in some deep monitoring wells. The bids came in high and different options were needed in the bid package to work with Daly City. SFPUC wants the wells completed down to bedrock at 1,200 feet. The bid came in completing the wells down to 650-700 feet. The additional cost to complete it down to bedrock is \$42,000 per well. SFPUC agreed in principle with Daly City to contribute that amount and Daly City will contribute other funds to complete the wells down to bedrock.

5. Additional information on Lake Merced will be provided in Closed Session to brief the Commission on last week's mediation session.

Vice President Normandy was delighted to hear about the Lake Merced liaison position and asked if it could be advertised in a couple of weeks and fast-tracked. Mr. Carlin stated the paperwork is complete, it has been filed, and the process is being fast-tracked.

Vice President Normandy asked about the time frame for the salt-water monitoring wells and when there would be readings. Mr. Carlin stated the contract has been awarded and the contractor will mobilize soon. SFPUC will be looking to contribute some additional funds to Daly City to make sure the wells are completed down to bedrock. It would take a matter of weeks to get readings.

President Caen asked what would happen if there is salt-water intrusion. Mr. Carlin stated salt-water intrusion hasn't been seen in the Westside Basin. They want to go down to bedrock in the aquifer to detect if there is any salt water. Salt-water

intrusion hasn't been seen, but the monitoring sentinel wells could give an early warning whether or not it is occurring.

b) Legislative Update

Ms. Martel reported on the state legislation that potentially affects the SFPUC.

AB 1823 (Papan) was reported out by the Senate Appropriations Committee on August 21 by a vote of 12-0. It was sent to the Senate floor on August 26 and amended. A number of amendments provided by Senator John Burton were incorporated in the legislation. The bill will have a third reading before any final action is taken.

SB 1870 (Speier) was approved by the Assembly Appropriations Committee on August 22 by a vote of 21-0. It went to the Assembly floor on August 26 and passed on consent. The bill will go back to the Senate for a final vote which is expected within the next few days.

AB 2058 (Papan) has been stalled in committee. It was heard in the Senate Appropriations Committee on August 21 and a number of issues were raised. One issue was concern about conflict of interest by having Cal Water and Stanford sitting on a public board. Another concern was that the legislation could make changes to the Political Reform Act that could never be undone. The bill will be discussed again and its status is unknown at this time.

Commissioner Bhatt asked what the effect would be if the amended AB 1823 is approved. Ms. Martel stated if AB 1823 is approved by the Senate and then sent back to the Assembly and is supported, then it would be sent to the Governor. It is uncertain if the Governor would approve it, but he indicated publicly he would consider all the legislation forwarded to him concerning the Hetch Hetchy rebuild. The Mayor has indicated that because the BOS and the SFPUC remain opposed to AB 1823, he will use whatever influence he has with the Governor to have him reconsider the legislation and not sign it into law.

Commissioner Bhatt asked what would happen if both pieces of legislation pass and the Governor were to send them back to amend and merge them together. He asked about this possibility and its relation to the November bonds. Ms. Martel stated it is not an option to fold one piece of legislation into the other as each bill stands on its own. If the Governor approves and signs both pieces of legislation, the impact of AB 182e would be felt, particularly if the voters do not support either the Water Revenue Bond or the charter amendment on the November ballot. If voters do approve and if the CIP moves forward, AB 1823 will exist and SFPUC would be subject to the legislation. If progress continues on the CIP, the impact of the legislation would be void as it requires SFPUC to move forward in a very timely manner. However, the legislation will continue to remain a threat if SFPUC fails to meet the voters' mandate.

Vice President Normandy asked if the amendments to AB 1823 were substantive and if they would improve or negate SFPUC's position. Ms. Martel stated Senator Burton's Office sent copies of the amendments to SFPUC prior to their introduction and incorporation. The amendments were not sufficient to change SFPUC's position on this legislation.

c) Restore Hetch Hetchy

Ms. Martel stated the issue of having a SFPUC-funded study to restore Hetch Hetchy was raised at the Finance Committee during final deliberations of the water bond measure for the November ballot. When questioned by the Finance Committee about the possibility of using bond proceeds for this purpose, Ms. Martel indicated it would be an inappropriate use of the bond proceeds and rate-payer revenue to conduct the study. Since then, Supervisor Aaron Peskin introduced a resolution that would encourage the SFPUC to participate in a feasibility study to restore Hetch Hetchy. Supervisor Peskin held a hearing on it August 21. At that time, there were several environmental groups that provided reports to the committee and sought their support for this resolution to go forward. After taking public input, Supervisor Peskin, Chair of the Committee and author of the resolution, agreed to continue this item to the Call of the Chair after the November election. Supervisor Peskin made it very clear that this particular issue, restoring Hetch Hetchy and the Water Revenue Bond, are clearly two separate issues and they should not be merged in public discussion. He wanted further discussion relative to restoring Hetch Hetchy to be continued after the November election. The Committee agreed.

Vice President Normandy commended Supervisor Peskin for his ability to define and segregate the issues and asked about the response of the people who are proposing the restoration of Hetch Hetchy. Ms. Martel stated various environmental groups are pondering whether or not the lack of action on this resolution will result in their opposing the Water Revenue Bond. Restore Hetch Hetchy is opposing the bond, but Sierra Club, Environmental Defense and other environmental groups haven't taken a position. Opposition to the bond is a threat that has been forwarded.

Vice President Normandy proposed directing staff, particularly Communications, to reach out to these environmental groups, communicating that SFPUC is concerned about the environment and that dismantling Hetch Hetchy and restoring it would force establishing electrical power generators in place of hydroelectric power which would impact the environment adversely. Secondly, the alternatives of more water along the Tuolumne River and the Calaveras Dam are impossibilities. President Caen commended Vice President Normandy on this point and requested the General Manager start putting it in motion with the Communications Department.

3. Approval of Minutes

Moved by Vice President Normandy, seconded by Commissioner Bhatt, to adopt the Minutes of the March 14, 2002 Special Meeting, March 26, 2002 Regular Meeting, March 26, 2002 Regular Meeting, May 28, 2002 Regular Meeting, July 9, 2002 Regular Meeting, July 23, 2002 Regular Meeting, and August 13, 2002 Regular Meeting, and removed item d, June 11, 2002 Regular Meeting Minutes, due to missing pages; passed (5-0) unanimously.

President Caen asked Vice President Normandy if he had any Old/Ongoing or New Business (Items 5 and 6).

Vice President Normandy had two issues under Item 5. Members of the Residential Users Appeals Board (RUAB) sent communications to the Commission which were brought up at the last meeting and deferred until today's meeting. He requested discussion on this by the General Manager.

Ms. Martel stated that at the last meeting, only half of the information was available as a subsequent letter had been received. Since the last meeting, the Customer Service Manager responsible for interfacing with the Board was on vacation and the matter could not be finalized. They had a meeting today and Ms. Martel outlined exactly what she wanted in the Manager's three letters that were referenced. The report will be ready for the next meeting.

Vice President Normandy thanked Ms. Martel and stated a Board Member of the RUAB was present and could speak to the issues raised.

Mr. John B. Buckley, Jr., Member of the RUAB, reported his disappointment with how the Board is being managed in terms of how misleading the ad for the position was, how much time it took to get hired, how long it takes to get paid, how much unpaid volunteer time the position requires, and how he received no information or orientation from the Customer Service Manager, the liaison with the Board. Mr. Buckley expressed there is lack of leadership for the Board and poor communication. He suggested that Marge Vizcarra be replaced by Steve Medbery. He commented he and the other Board Members would be quitting unless action was taken to resolve their issues.

Vice President Normandy thanked Mr. Buckley for his remarks, understanding his general thrust, but finding the ad hominem attacks unfortunate. *He requested that the General Manager provide a fair hearing to the employee singled out to hear their side of the issue. Second, he asked the General Manager to speed up resolution of the situation as the members of the RUAB are deserving of support.*

Vice President Normandy's second issue related to the Balboa Reservoir MOU with City College (CCSF). He understood a BOS member requested some hearings on it, but that the Commission had provided direction to staff to move ahead on this.

Ms. Martel responded that she had taken the direction and expedited the execution of the MOU with CCSF and transmitted it back to them. She and President Caen received voicemail messages inviting the SFPUC and CCSF to attend a meeting scheduled last Thursday concerning the Balboa Reservoir. Ms. Martel had a commitment outside the City and requested Gary Dowd to attend on her behalf and the Commission's as he was involved in the MOU negotiations. Questions were raised with SFPUC regarding the fact that the Commission moved forward with the execution of the MOU despite a request by Supervisor Gerardo Sandoval. Mr. Dowd was there to respond and indicated why the Commission moved forward. He was advised there were concerns about the action SFPUC took. Mr. Dowd was dismissed and the item was continued for future discussion.

8. Public Comments on matters not on today's agenda.

There were none.

CONSENT CALENDAR

9. Moved by Vice President Normandy, seconded by Commissioner Bhatt, to adopt the items a-b listed under the Consent Calendar; passed (5-0) unanimously.
- a) Resolution No. 02-0168: Approve the plans and specifications for Contract No. CW-267, 16th / 20th / 24th Streets Sewer Replacement and authorize the Utilities Engineering Bureau (UEB) Manager to advertise for bids.
 - b) Resolution No. 02-0169: Ratify the Declaration of Emergency, Contract No. CW-342E Emergency Ratification 20th Street Sewer Replacement, made by the General Manager of Public Utilities on August 9, 2002 for the replacement of the structurally inadequate sewer on 20th Street, from Treat Avenue to Folsom Street.

REGULAR CALENDAR

10. Discussion and possible action related to Primitive Baptist Church.

Don Larramendy, Water Supply & Treatment, stated the item is a first amendment to the agreement the Commission made in regard to a well and its operation with Golden Gate Primitive Baptist Church. The Department of Health Services has identified it as a transient noncommunity system which requires additional water quality testing over that period and these costs reflect what that additional testing will be to the church.

Vice President Normandy asked for clarification regarding a \$4,000 increase over the \$10,000 for a 5-year period, totaling \$20,000, versus a lump sum totaling \$14,000. Mr. Larramendy stated total payment would be \$14,000.

Vice President Normandy asked about how approval of the amendment would allow the SFPUC to eliminate operating costs. Mr. Larramendy stated the Water Department staff is servicing the well and chlorinator, and maintaining the system. The original agreement for the year's operating time is up and this cost should be the church's.

Vice President Normandy asked about the logic of paying a lump sum or continuing to operate the system. Deputy City Attorney Joshua Milstein, covering for Utilities Counsel Vicki Clayton, stated the SFPUC authorized the payment of \$35,000 for the drilling of the well and once the well had operated for a year, the SFPUC would give the church \$10,000 in exchange for a release of water supply service obligation. What is proposed is adding \$4,000 to the \$10,000 amount to cover the additional water treatment costs that came up unexpectedly. The resolution states the payment to the church is conditioned on the church signing the release, such that the SFPUC will have no further obligation to run or maintain the system.

Vice President Normandy questioned a payment of \$10,000 once or a payment of \$14,000 once. Mr. Milstein stated it would be paying \$10,000 once or \$14,000 once. The payment has been increased by \$4,000 for the perpetual right to get rid of this system. The net payment to the church is going from \$10,000 to \$14,000 to allow SFPUC to relinquish the water service obligation and save the operating costs that have been high over the last few years.

Moved by Commissioner Bhatt, seconded by Commissioner Chen to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0170: Approve the First Amendment to the Agreement with The Golden Gate Primitive Baptist Church to increase the lump sum payment by \$4,000 for a total payment of \$14,000. Funding for this will come from the Water Supply & Treatment Division Operating Fund.

11. Discussion and possible action related to Dry-Year Water Supply Purchase/Exchange Program.

Moved by Vice President Normandy, seconded by Commissioner Bhatt to reject the following resolution; passed (5-0) unanimously.

Staff Recommendation: Reject all proposals responding to the SFPUC's Request for Proposals for a Dry-Year Water Supply Purchase/Exchange Program and direct the General

Manager of Public Utilities to begin informal discussions with interested parties to create options.

Mr. Carlin stated a Request for Proposals (RFP) for dry-year water supply was issued in December 2001, related to the Water Supply Master Plan. The RFP was created to ascertain if a dry-year water supply could be purchased or accessed when needed. One proposal was received during the RFP process. In evaluating the proposal, it was determined it would be better to reject the proposal and to start the process over on an informal basis. Water brokers came forth during that time and found the proposal process restrictive. Letters of inquiry were received soliciting discussions with the General Manager regarding potential business arrangements with the SFPUC. Mr. Carlin stated he had prepared a summary of the proposal received.

Commissioner Bhatt asked for more details on the proposal. Mr. Carlin stated the Semitropic proposal was for a minimum quantity of 20,000 acre-feet. They recommended a quantity of 150,000 acre-feet. SFPUC would deliver Hetch Hetchy water through State Water Project (SWP) facilities to Semitropic, who would bank it in a groundwater basin in the San Joaquin Valley. When needed, the banked groundwater would be exchanged for SWP water. The raw water would be received through the Delta and taken through SWP facilities into SFPUC facilities where there are inter-ties. The storage fee is \$160 an acre foot per year. Semitropic's extraction fee from the groundwater basin to the exchange point is \$100 an acre-foot. The wheeling cost to use SWP facilities is \$100-150 an acre-foot. The water quality is SWP water coming through the Delta.

One of the issues is the water quality in the groundwater basin. Semitropic's first banking unit is for 20,000 acre-feet of storage. Beyond the 20,000 acre-feet, the new second storage unit has an arsenic issue in which the water may have to be treated to be used. SFPUC does not want to pay treatment costs or assume liability costs. Another issue is other agencies using Semitropic are paying less than these bids. It was felt that SFPUC would be paying the capital costs for Semitropic to develop their second unit of groundwater banking. Adding up all the numbers and treatment, it is \$600-700 an acre-foot. SFPUC believes there are better deals available.

Vice President Normandy asked why there was only one respondent, and if it was a lack of firms able to meet the requirements, or if it was how the proposal was written. Mr. Carlin stated it was neither and that a dry-year supply is an option for water in the future. SFPUC is an unknown in the water transfer market and needs to establish itself by talking to people and making business relationships in a mutually structured way. The RFP process didn't allow enough time to structure this and the recommendation is to reject the proposal and allow the General Manager to enter into informal conversations with willing sellers.

Vice President Normandy asked if the proposal was put out prematurely. Mr. Carlin stated it was a learning process. The RFP announced in a broad manner to the entire water community that SFPUC is looking for water. The RFP gathered interest, questions and dialogue. The next phase is discussion with interested sellers and to start creating the needed business structure to affect a reasonable deal.

Vice President Normandy asked if SFPUC could speak to the bidder and see if adjustments could be made to their proposal, and secondly, why would other firms speak informally and not make a proposal based on the RFP. He expressed concern about SFPUC's ethical and legal position in putting out an RFP, rejecting the proposal, having informal discussions, and negotiating a better deal with informal respondents. He deferred to legal counsel and then posed the options of extending the RFP process to allow other people to apply or to negotiate a better deal with the bidder.

Mr. Milstein stated the Commission always has the authority to reject all bids in this type of process and that they are in the position today of following staff's recommendation or taking some other action.

Vice President Normandy spoke against the resolution in favor of extending the RFP and addressing issues staff raised. President Caen commented it seems premature, but believes SFPUC does need more storage.

Mr. Carlin addressed numerous issues. He reiterated the Commission has the right to reject all proposals. He stated SFPUC had met and spoken with the bidder several times and that the impasse is the water quality issue. He stated the intent was to create a clean slate and to get out there and let people know SFPUC is looking for a dry-year supply in a different manner as the formal process didn't work as SFPUC wanted it to. It is possible others didn't apply as it is easier to buy one-year water than to purchase water 10 years into the future. He stated SFPUC is interested in talking with brokers. As SFPUC is not a SWP contractor or Central Valley contractor, they don't have rights to the use of their facilities and a broker could be instrumental in a deal. In terms of storage, SFPUC is looking to expand and ways to store more water within the system. The yield of the system hasn't been increased. Conservation is being looked at as well as replacement of some water use with recycled water. There will be a need for dry-year water to not experience shortages. SFPUC is trying to avoid shortages and rationing it faced in 1992.

Vice President Normandy stated the Commission is unanimous in knowing that there is a need to find increased storage and options for dry years. He commented the approach was backwards by going out immediately with an RFP. He reiterated the opinion of extending the RFP process and allowing those who have informally presented themselves to go through the process.

Commissioner Bhatt pondered the effects of a possible drought and how the rejection of this bidder will waste a year of planning. He wanted to know what the differences would be in a new RFP. Mr. Carlin responded that the proposal received is not a good deal for San Francisco and advised rejecting it. He felt the process was not done backwards. He understood from past staff that conversations have been going on for years, but that no companies have come forward with a business deal. Because of the sensitivity of the issue, the SFPUC was approached informally and was told that those entities needed to work with their own governing bodies before entering into more formal negotiations.

Mr. Carlin stated he was using the example of other water agencies that rejected the RFP process and then went into informal discussions and got deals. He stated the proposal process is constrictive and advocated for treating the process as a business.

Commissioner Bhatt expressed his agreement with Vice President Normandy's opinion. He suggested that staff should merely amend the current RFP, otherwise, a delay of 4-6 months could be the unintended result.

President Caen asked if the RFP would need to be rewritten. Mr. Carlin stated it did not need to be rewritten as its outline is fundamentally sound. He indicated this is new territory for the SFPUC, which is unknown in the water transfer market. SFPUC is trying to create a business deal. He stated the RFP process could be extended, but that it might not bring in more proposals and that staff has been instructed to get into informal discussions. He also stated the bidder deserves an answer.

President Caen asked if water would need to be bought if we moved forward with storage. Mr. Carlin stated in order to eliminate the deficit during a drought-planning sequence, 1.1 million acre feet of additional storage would be needed. Hetch Hetchy Reservoir is 330,000 acre-feet and a reservoir three times that size would be needed for a drought-planning sequence. It will take time to acquire that much. Available alternatives and options will need to be continually sought. A dry-year supply option would be a kind of insurance policy against droughts.

Vice President Normandy stated that it was apparent that the driving principle is not at issue—that the RFP does not need to be rewritten and is complete in its scope. He asked why we couldn't simply extend the time period and allow for other responses so that it benefits us. He thought the sole bidder could be convinced that the Commission has an obligation to fiduciary duty to look at multiple responses. He also didn't want to be open to the charge of sole-sourcing a contract. He wants to keep the RFP as it is, not start from scratch, and simply extend the time period. This solution will allow all those in informal discussions to come forward and also allow the sole bidder to make modifications to their proposal.

Ms. Martel stated that her recommendation to the Commission was to reject this bid for business reasons. The costs are high and the water quality issues cannot be corrected through negotiations. She agreed with Mr. Carlin and felt that Semitropic's proposal forced the SFPUC to pay for some of the cost of their second unit and that it was not a good deal for the SFPUC. She suggested that the bid be rejected and that the RFP be reissued with modifications.

President Caen called for public comment.

Public Comment:

Mr. Cole Frates, a Semitropic Water Storage District representative, stated that Semitropic submitted their proposal based on a business decision, not to be part of the SFPUC's learning process. He stated that the SFPUC issued the RFP and they responded because they felt they had a solution to our water supply problem. Judging from the list of who received RFPs, they expected there would be other respondents to the RFP. He felt that their costs, based on a per acre-foot storage capacity, is not out of line. He also unequivocally stated that this was not their bottom price and that the costs are negotiable. Semitropic did meet with SFPUC once, without Mr. Carlin, for an hour and their General Manager did have one conversation with Mr. Carlin.

Mr. Frates guaranteed good water quality and stated that the cost is negotiable, even though they've never had the opportunity to do this. They have not had the chance to describe the virtues of their project. Their clients include Metropolitan Water District, Santa Clara Valley Water District, Zone 7, Alameda, and Newhall Land and Farming. They are CEQA certified and have gone through the environmental process and review and water quality issues have been addressed by the laws that govern the State of California. He challenged the Commission to extend the RFP and talk to other brokers. The SFPUC will receive more proposals, but there will not be many available. He reiterated that Semitropic is interested in negotiating with the Commission and that they haven't been given a fair chance to explain the program or to negotiate on fair commercial terms.

Vice President Normandy asked Mr. Frates to comment on the third issue raised by staff regarding loading the SFPUC with the upfront costs of this project. Mr. Frates explained that there are upfront costs involved that will be shared by many agencies and there are also existing programs already in place.

Vice President Normandy made a motion to decline the staff recommendation and direct staff to work with Semitropic to discuss the problem issues and come back to the Commission with a final recommendation. The three issues are cost, water quality, and upfront capital costs.

President Caen left the meeting at 2:55 P.M. for a conference call and Vice President Normandy presided until her return.

12. Discussion and possible action related to Project No. CUW-135, Project No. CUW-183, and Contract No. WD-2325.

Mr. Michael Quan, Manager of the Utilities Engineering bureau, briefly stated this item combines two projects into one because they are at the same location. A budget reallocation is proposed in order to do this.

Vice President Normandy asked if the \$125,000 transfer would help make up the \$373,050. Mr. Quan stated that is the exact cost that was originally proposed for protection coating. Vice President Normandy noted the \$373,350 was under the engineer's estimate. Mr. Quan stated it was a very good bid.

Moved by Commissioner Costello, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0171: Approve the transfer of funds in the amount of \$125,000 from Project No. CUW135 - New Line and Bypass Valves to Project No. CUW183-Palo Alto Redundant Connection; approve the award of Contract No. WD-2325, Palo Alto Pipeline Connection to Bay Division Pipelines Nos. 1 and 2 at Redwood City, in the amount of \$373,350, to Shaw Pipeline.

LEASES AND PERMITS

13. Discussion and possible action related to a permit with the YMCA of San Francisco – Stonestown Branch.

Vice President Normandy asked if the item should have been on the Consent Calendar as it is monetarily small. Mr. Gary Dowd, Director of Commercial Land, stated current policy requires bringing permits to the Commission. He stated the possibility of reconsidering the process and discussing it with the General Manager. Vice President Normandy requested the General Manager look into what policy changes might be adoptable.

Moved by Commissioner Chen, seconded by Commissioner Costello to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0172: Authorize the General Manager of Public Utilities to execute a permit with YMCA of San Francisco-Stonestown Branch for conducting a youth soccer program on a portion of Parcel 56 of San Francisco Lands (aka Merced Manor Reservoir), San Francisco.

Items 14 and 15 were taken together.

14. Discussion and possible action related to a lease with Cingular Wireless on SFPUC property in Millbrae, California.

Moved by Commissioner Bhatt, seconded by Commissioner Costello to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0173: Authorize the General Manager of Public Utilities to execute a lease with Cingular Wireless for approximately two hundred twenty five (225) square feet of space for the continued use of existing telecommunication equipment, mobile/wireless antennas, and an underground conduit for the placement of coax cables, used for the transmission and reception of radio communication signals, on San Francisco Public Utilities Commission Watershed land located at I-280 and Trousdale Gate, Millbrae, California. (Special Lease Clauses: 27.1, 27.2, 27.3, 27.4)

15. Discussion and possible action related to a lease with Cingular Wireless on SFPUC property in Hillsborough, California.

Moved by Commissioner Bhatt, seconded by Commissioner Costello to adopt the following resolution; passed 4-0) unanimously.

Resolution No. 02-0174: Authorize the General Manager of Public Utilities to execute a lease with Cingular Wireless for approximately two hundred twenty five (225) square feet of space for the continued use of existing telecommunication equipment, mobile/wireless antennas, and an underground conduit for the placement of coax cables, used for the transmission and reception of radio communication signals, on San Francisco Public Utilities Commission Watershed land located at 6650 Golf Course Road, Hillsborough, California. (Special Lease Clauses: 27.1, 27.2, 27.3, 27.4)

16. Discussion and possible action related to a lease at 1155 Market Street.

Mr. Dowd stated this item deals with a proposed consolidation of many SFPUC offices into space at 1155 Market Street and availed himself for questions. Vice President Normandy commented consolidating staff and unloading property achieves reaching the objectives of the Commission.

Commissioner Chen asked if an appraisal on the 1155 Market building had been done. Mr. Dowd stated an appraisal had been done and that the San Francisco Real Estate Department (SFRED) has been directly involved in the negotiation. At this time, it is a lease option. The option to purchase will be brought back to the Commission at a later date. The dollar amount is in the agenda item and is considered a fair number in the market by SFRED.

Moved by Commissioner Costello, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0175: Authorize the General Manager of Public Utilities to approve a five (5) year lease (with two five (5) year options) for office space located at 1155 Market Street comprising approximately 139,956 sq. ft. on Floors 1 through 11.

CONSTRUCTION CONTRACTS

Award

17. Discussion and possible action related to Contract No. WD-2393.
Moved by Commissioner Bhatt, seconded by Commissioner Costello to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0176: Award Contract No. WD-2393, Seismic Upgrade of BDPL Nos. 1 and 2 at the Hayward Fault Crossing – Phase B, in the amount of \$2,465,000, to JMB Construction, Inc.

President Caen returned to the meeting at 3:02 P.M.

18. Discussion and possible action related to Contract No. CW-315.

Mr. Quan stated this project will improve air quality at two facilities at the Southeast Treatment Plant.

Vice President Normandy asked about the \$80,500 increase over the original engineer's estimate. Mr. Quan explained there were only two bidders so prices were higher.

Commissioner Costello asked what the difference was between the bids. Mr. Quan stated a little less than \$300,000.

Moved by Commissioner Costello, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0177: Award Contract No. CW-315, SEWPCP Building 930 and 940 HVAC Improvements, in the amount of \$980,500, to L.C. Engineering & Construction.

PROFESSIONAL SERVICE CONTRACTS

Award

19. Discussion and possible action related to Agreement Nos. CS-692 A-F.

Mr. Fred Weiner, Director of Planning Development for Hetch Hetchy Water and Power, stated an RFP evaluation had been conducted and five qualified firms had been chosen. The authorization is for an aggregate of \$6 million for a duration of three years. The five firms are Navigant Consulting, Brown Vincent Associates, AEPC Groups, ICF Consulting and Newcomb Anderson Associates.

Vice President Normandy understood it was a \$6 million lump sum to be allocated on an as-need basis among the five firms, but wanted to know if there was anything that assures that all five firms will actually be involved in the allocation of the monies. Mr. Weiner stated that would be done with today's action of awarding the agreements. Upon award, negotiating the final value of their contract within the \$6 million will be done.

Vice President Normandy asked if individual contracts would be brought back or if it is the approval of a lump sum. Mr. Weiner stated this is the final process and a contract will be executed thereafter.

Vice President Normandy asked if status reports on the allocation of monies and progress on work being done could be provided to the Commission. President Caen stated the process is in place with the report on service contracts. Mr. Weiner stated he welcomed the process of informing the Commission on the contract negotiation and the progress of work.

Moved by Commissioner Normandy, seconded by Commissioner Costello to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0178: Authorize the General Manager of Public Utilities to award Agreements No. CS-692 A-F, As-Needed Energy Resource Planning, Development and Analysis Services, in an aggregate amount not to exceed \$6,000,000, and with a duration of three years, to Navigant Consulting, Inc., Brown, Vence & Associates, AEPC Groups, LLC, ICF Consulting, and Newcomb Anderson Associates, to provide energy resource planning, development, analysis, and technical assistance.

20. Discussion and possible action related to Agreement No. CS672E.

Mr. Carlin stated the item allows for moving forward on early implementation of the CIP and gathering information for environmental documents to have things in place after the November ballot.

Vice President Normandy requested who the firms in the pool are. Mr. Carlin called on Mr. Robert Hickman, who manages the pool to provide the information. Mr. Hickman stated the five firms are EDAH, Jones and Stokes, ESA Orion, URS and LSA.

Vice President Normandy asked if the pre-qualified pool could bid on the jobs to be assigned them. Mr. Hickman stated that once the firms pre-qualified, then staff would have a mini competition for a proposal or staff would choose the best firm qualified for a job.

Vice President Normandy asked if the competition would be among the five firms. Mr. Hickman stated it was for those that chose to participate.

President Caen asked if this is a precursor to CIP projects. Mr. Hickman stated it would be as it is part of the information that needs to go into an environmental evaluation of the regional impacts of some of the proposed CIP projects.

Vice President Normandy asked if price was investigated in the mini competition. Mr. Hickman stated it was and that the lowest-cost bidder won in the mini competition.

Ms. Martel commented that funds have been allocated for the purpose of doing as much pre-environmental work and pre-planning as possible for the CIP.

Moved by Commissioner Bhatt, seconded by Commissioner Chen to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0179: Approve the selection of URS Corporation and authorize the General Manager of Public Utilities to negotiate and execute Agreement No. CS 672 E: Supporting Environmental Technical Studies for Regional Water Capital Improvement Program. The services under this agreement shall be provided for a total budgeted amount not to exceed Seven Hundred Thousand and 00/100 Dollars (\$700,000) for a term of not more than twelve (12) months from the date of Controller certification.

Amend

21. Discussion and possible action related to CS-524.

Ms. Martel recommended the Commission approve a 3-month time extension at no additional cost to the SFPUC for the performance of two tasks related to the Program Management Consultant (PMC) Services. The extension is needed due to the reassignment of the PMC from Bechtel and the San Francisco Water Alliance (SFWA) to the new PMC group of Jacobs Engineering and the Water Infrastructure Partners (WIP) approved by the BOS in June. Since then, the Human Rights Commission requested that Jacobs Engineering's parent company become 12-B compliant. They are working with their Midwestern parent company to become compliant, but the process is taking longer than expected.

As they are not compliant yet, they have been working with limited staff to minimize their liability. The end of the second year will be September 21. The 3-month time extension would allow them to complete the tasks approved for the second year and then to report the results of the work to the Commission and the BOS at the end of this year. The time extension could be advantageous in that the results of the November election will be known and the scope of the work for the third year can be based on the status of the CIP. If this item is approved today by the Commission, it will be taken to the first meeting of the BOS in September to request the extension.

The BOS is working on a second-year timeline ending on September 21. The Budget Analyst's Office (BAO) has requested staff to prepare all the necessary materials for a second year final report on performance. The BAO has been advised there will not be substantial work progress in the last months because of the demobilization since March of the SFWA and the reassignment to the WIP. The BAO is aware of this but is still attempting to move the September 21 timeline for the BOS.

Commissioner Bhatt commented there is a need to give an extension because of all the changes, delays and to need to be 12-B compliant.

Moved by Commissioner Bhatt, seconded by Commissioner Costello to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0180: Authorize the General Manager of Public Utilities to amend Agreement No. CS-524 (Program Management Services) to preserve the right of the Board of Supervisors to review performance by the Water Infrastructure Partners (WIP), and to extend until December 21, 2002, the Board's right to disapprove the agreement based on a review of the SFPUC report; and approve a three-month time extension, at no added cost, for the performance of the Year 2 tasks of this agreement with WIP to

CLOSED SESSION

22. Public comments on matters to be discussed in Closed Session.

There were none.

23. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Vice President Normandy, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (5-0) unanimously.

The Public Utilities Commission met in Closed Session at 3:12 P.M. to discuss the following matters:

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

Nothing was discussed.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

Nothing was discussed.

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Commission Secretary Mary Y. Jung, SFPUC Systems and Strategic Planning Manager Michael Carlin, and Deputy City Attorney Joshua Milstein.

No action was taken.

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein)

Existing Litigation: Arbitration demand by Bay Area Water Users Association for FY 1999-00 Suburban Revenue Requirement

Nothing was discussed.

28. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Clayton)

Property: Bernal Property (Civic Center Parcel)
Parties Negotiating: CCSF (Dowd)
City of Pleasanton
Under Negotiation: Terms and Conditions of Sale

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Commission Secretary Mary Y. Jung, SFPUC Commercial Land Manager Gary Dowd, Deputy City Attorney Joshua Milstein, and Deputy City Attorney John Malamut.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 3:48 P.M.

29. Announcement following Closed Session.

President Caen announced the actions taken during Closed Session.

30. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Vice President Normandy, seconded by Commissioner Costello, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 3:50 P.M.

Mary Y. Jung
Secretary

